

Union Calendar No. 691

114TH CONGRESS }
2d Session

HOUSE OF REPRESENTATIVES

{ REPORT
114-880

REPORT ON THE ACTIVITIES
OF THE
COMMITTEE ON SMALL BUSINESS
114TH CONGRESS



DECEMBER 20, 2016.—Committed to the Committee of the Whole House
on the State of the Union and ordered to be printed

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LETTER OF TRANSMITTAL

HOUSE OF REPRESENTATIVES,
COMMITTEE ON SMALL BUSINESS,
Washington, DC, December 20, 2016.

Hon. KAREN L. HAAS,
Clerk, House of Representatives,
Washington, DC.

DEAR MS. HAAS: Pursuant to clause 1(d)(3) of rule XI of the Rules of the House of Representatives, I present herewith the report for the activities of the Committee for the 114th Congress, including the Committee's review of legislation within its jurisdiction and the oversight activities taken in accordance with the oversight plan adopted on February 12, 2015.

Sincerely,

STEVE CHABOT,
Chairman.

Enclosure.

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114TH CONGRESS 2d Session	HOUSE OF REPRESENTATIVES	REPORT 114-880
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REPORT ON THE ACTIVITIES OF THE COMMITTEE ON SMALL BUSINESS 114TH CONGRESS

DECEMBER 20, 2016.—Committed to the Committee of the Whole House on the State
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Mr. CHABOT, from the Committee on Small Business,
submitted the following

R E P O R T

Clause 1(d)(3) of rule XI of the Rules of the House of Representatives for the 114th Congress requires each standing committee to earlier than December 15 or adjournment of the Congress sine die (whichever occurs first), submit to the House a report on the activities of that Committee, including separate sections summarizing the legislative and oversight activities of that Committee.

JURISDICTION AND SPECIAL OVERSIGHT FUNCTION

Clause 1(q) of rule X of the Rules of the House of Representatives of the 114th Congress sets forth the jurisdiction of the Committee on Small Business as follows—

(1) Assistance to and protection of small businesses, including financial aid, regulatory flexibility, and paperwork reduction.

(2) Participation of small-business enterprises in Federal procurement and Government contracts.

Clause 3(l) of rule X of the Rules of the House of Representatives for the 114th Congress sets forth the Special Oversight Function of the Committee on Small Business as follows—

The Committee on Small Business shall study and investigate on a continuing basis the problems of all types of small business.

RULES OF THE COMMITTEE ON SMALL BUSINESS FOR THE 114th CONGRESS

1. GENERAL PROVISIONS

The Rules of the House of Representatives, in total (but especially with respect to the operations of committees rule X, cl. 1(q),

cl. 2, cl. 3(1), and rule XI) are the rules of the Committee on Small Business to the extent applicable and are incorporated by reference. Each Subcommittee of the Committee on Small Business ("the Committee") is a part of the Committee and is subject to the authority and direction of the Committee, and to the rules of the House and the rules adopted herein to the extent applicable.

2. REFERRAL OF BILLS BY THE CHAIR

The Chair will retain consideration of all legislation referred to the Committee by the Speaker. No action will be required of a Subcommittee before legislation is considered for report by the Committee. Subcommittee chairs, pursuant to the rules set out herein, may hold hearings on any bill referred to the Committee.

3. DATE OF MEETING

The regular meeting date of the Committee shall be the second Wednesday of every month when the House is in session. The Chair may dispense with the meeting of the Committee, if in the sole discretion of the Chair, there is no need for such meeting. Additional meetings may be called as deemed necessary by the Chair or at the request of the majority Members of the Committee pursuant to rule XI, cl. 2(c) of the rules of the House.

At least 3 days' notice of such an additional meeting shall be given unless the Chair, with the concurrence of the Ranking Minority Member, determines that there is good cause to call the meeting on less notice or upon a vote by a majority of the Committee (a quorum being present). To the extent possible, the three days shall be counted from the 72 hours before the time of the meeting. Announcements of the meeting shall be published promptly in the Daily Digest and made publicly available in electronic form.

The determination of the business to be considered at each meeting shall be made by the Chair subject to limitations set forth in House Rule XI, cl. 2(c).

The Chair shall provide to each Member of the Committee, to the extent practicable, at least 48 hours in advance of a meeting, a copy of the bill, resolution, report or other item to be considered at the meeting, but no later than 24 hours before the meeting. Such material also shall be made available to the public at least 24 hours in advance in electronic form.

The rules for notice and meetings as set forth in Rule 3 of these Rules shall not apply to special and emergency meetings. Clause 2(c)(2) of rule XI and clause 2(g)(3)(A) of rule XI of the Rules of the House, as applicable, shall apply to such meetings.

A record vote of the Committee shall be provided on any question before the Committee upon the request of any Member of the Committee. A record of the vote of each Member of the Committee on a matter before the Committee shall be available in electronic form within 48 hours of such record vote, and, with respect to any roll call vote on any motion to amend or report, shall be included in the report of the Committee showing the total number of votes cast for and against and the names of those Members voting for and against.

The Chair of the Committee shall, not later than 24 hours after consideration of a bill, resolution, report or other item cause the

text of the reported item and any amendment adopted thereto to be made publicly available in electronic form.

4. ANNOUNCEMENT OF HEARINGS

Public announcement of the date, place, and subject matter of any hearing to be conducted by the Committee shall be made no later than 7 calendar days before the commencement of the hearing. To the extent possible, the seven days shall be counted from 168 hours before the time of the Committee's hearing.

The Chair, with the concurrence of the Ranking Minority Member, or upon a vote by the majority of the Committee (a quorum being present), may authorize a hearing to commence on less than 7 calendar days' notice.

A. Witness Lists

Unless the Chair determines it is impracticable to do so, the Committee shall make a tentative witness list available at the time it makes the public announcement of the hearing. If a tentative witness list is not made available at the time of the announcement of the hearing, such witness list shall be made available as soon as practicable after such announcement is made. A final witness list shall be issued by the Committee no later than 48 hours prior to the commencement of the hearing.

B. Material for the Hearing

The Chair shall provide to all Members of the Committee, as soon as practicable after the announcement of the hearing, a memorandum explaining the subject matter of the hearing and any official reports from departments and agencies on the subject matter of the hearing. Such material shall be made available to all Members of the Committee no later than 48 hours before the commencement of the hearing unless the Chair, after consultation with the Ranking Minority Member, determines that certain reports from departments or agencies should not be made available prior to the commencement of the hearing. Material provided by the Chair to all Members, whether provided prior to or at the hearing, shall be placed on the Committee website no later than 48 hours after the commencement of the hearing unless such material contains sensitive or classified information in which case such material shall be handled pursuant to Rule 15 of the Committee's Rules.

5. MEETINGS AND HEARINGS OPEN TO THE PUBLIC

A. Meetings

Each meeting of the Committee or its Subcommittees for the transaction of business, including the markup of legislation, shall be open to the public, including to radio, television, and still photography coverage, except as provided by House Rule XI, cl. 4. If the majority of Members of the Committee or Subcommittee present at the meeting, determine by a recorded vote in open session that all or part of the remainder of the meeting on that day shall be closed to the public because the disclosure of matters to be considered would endanger national security, would compromise sensitive law enforcement information, or would tend to defame, degrade, or incriminate any person or otherwise would violate any

law or rule of the House; *provided however*, that no person other than Members of the Committee, and such congressional staff and such executive branch representatives they may authorize, shall be present in any meeting which has been closed to the public. The Chair and Ranking Minority Member are *ex officio* Members of all Subcommittees for the purpose of any meeting conducted by a Subcommittee.

B. Hearings

Each hearing conducted by the Committee or its Subcommittees shall be open to the public, including radio, television and still photography coverage. If the majority of Members of the Committee or Subcommittee present at the hearing, determine by a recorded vote in open session, that all or part of the remainder of the hearing on that day shall be closed to the public because the disclosure of matters to be considered would endanger national security, would compromise sensitive law enforcement information, or would tend to defame, degrade, or incriminate any person or otherwise would violate any law or rule of the House; *provided however*, that the Committee or Subcommittee may by the same procedure also vote to close one subsequent day of hearings. Notwithstanding the requirements of the preceding sentence, a majority of those present (if the requisite number of Members are present under Committee rules for the purpose of taking testimony) may vote: (i) to close the hearing for the sole purpose of discussing whether the testimony or evidence to be received would endanger the national security, would compromise sensitive law enforcement information, or violate rule XI, cl. 2(k)(5) of the House or (ii) to close the hearing, as provided in clause 2(k)(5) of rule XI of the House.

The Chair and Ranking Minority Member are *ex officio* Members of all Subcommittees for any hearing conducted by a Subcommittee. Members of the Committee who wish to participate in a hearing of the Subcommittee to which they are not Members shall make such request to the Chair and the Ranking Minority Member of the Subcommittee at the commencement of the hearing. The Chair, after consultation with the Ranking Minority Member of the Subcommittee, shall grant such request.

No Member of the House may be excluded from non-participatory attendance at any hearing of the Committee or any Subcommittee, unless the House of Representatives shall by majority vote authorize the Committee or Subcommittees, for purposes of a particular subject of investigation, to close its hearing to Members by the same procedures designated to close hearings to the public.

Members of Congress who are not Members of the Committee but would like to participate in a hearing shall notify the Chair and the Ranking Minority Member and submit a formal request no later than 24 hours before the commencement of the meeting or hearing.

To the maximum extent practicable, the Committee shall provide audio and video coverage of each hearing or meeting for the transaction of business in a manner that allows the public to easily listen and view the proceedings and shall maintain the recordings of such coverage in a manner easily accessible to the public.

6. WITNESSES

A. Statement of Witnesses

Each witness who is to appear before the Committee or Subcommittee shall file an electronic copy of the testimony with the Committee and the Ranking Minority Member no later than 48 hours before the commencement of the hearing. In addition, the witness shall provide 25 copies of the testimony by the commencement of the hearing. The Chair may waive the requirement by the witness providing 25 copies in which case the Committee or Subcommittee shall provide the 25 copies.

Each non-governmental witness shall provide to the Committee and the Ranking Minority Member, no later than 48 hours before the commencement of the hearing, a curriculum vitae or other statement describing their education, employment, professional affiliation or other background information pertinent to their testimony.

As required by rule XI, cl. 2(g) of the Rules of the House, each non-governmental witness before the commencement of the hearing shall file with the Chair a disclosure form detailing any contracts or grants that the witness has with the federal government. Such information shall be posted on the Committee website within 24 hours after the witness appeared at the hearing.

The failure to provide the materials set forth by the deadlines set forth in these rules may be grounds for excluding both the oral and written testimony of the witness unless waived by the Chair of the Committee or Subcommittee.

The Committee will provide public access to printed materials, including the testimony of witnesses in electronic form on the Committee's website no later than 24 hours after the hearing is adjourned. Supplemental material provided after the hearing adjourns, shall be placed on the Committee website no later than 24 hours after receipt of such material.

B. Number of Witnesses and Witnesses Selected by the Minority

For any hearing conducted by the Committee or Subcommittee there shall be no more than four non-governmental witnesses of which the Ranking Minority Member of the Committee or Subcommittee (as appropriate) is entitled to select one witness for the hearing. Witnesses selected by the Ranking Minority Member of the Committee or Subcommittee shall be invited to testify by the Chair of the Committee or Subcommittee (as appropriate). Rule 6(A) shall apply with equal force to witnesses selected by the Ranking Minority Member of the Committee or Subcommittee.

The limitations set forth in the preceding paragraph shall not apply if the Committee holds a hearing to honor the work of the small business community in conjunction with the annual celebration of Small Business Week. Witness limitations for such a hearing shall be determined by the Chair in consultation with the Ranking Minority Member.

C. Interrogation of Witnesses

Except when the Committee adopts a motion pursuant to subdivisions (B) and (C) of clause 2(i)(2) of rule XI of the Rules of the House, Committee Members may question witnesses only when

they have been recognized by the Chair for that purpose. Members shall have the opportunity, as set forth in rule XI, cl. 2(j) of the Rules of the House, to question each witness on the panel for a period not to exceed five minutes. For any hearing, the Chair of the Committee or Subcommittee may offer a motion to extend the questioning of a witness or witnesses by the Member identified in the motion for more than five minutes as set forth in rule XI, cl. 2(j)(B).

The Chair of the Committee or Subcommittee shall commence questioning followed by the Ranking Minority Member. Thereafter, questioning shall alternate between the majority and minority Members in order of their arrival at the hearing after the gavel has been struck to commence the hearing with the first arriving having priority over Members of his or her party. If Members arrive simultaneously or are there prior to the gavel being struck to commence the hearing, order of questioning shall be based on seniority.

In recognizing Members to question witnesses, the Chair may take into consideration the ratio of majority and minority Members present in such a manner as to not disadvantage the Members of either party.

7. SUBPOENAS

A subpoena may be authorized and issued by the Committee in the conduct of any investigation or series of investigations or activities to require the attendance and testimony of such witness and the production of such books, records, correspondence, memoranda, papers and documents, as deemed necessary. Such subpoena shall be authorized by a majority of the full Committee. The requirement that the authorization of a subpoena require a majority vote may be waived by the Ranking Member of the Committee. The Chair may issue a subpoena, in consultation with the Ranking Minority Member, when the House is out of session for more than three legislative days.

8. QUORUM

A quorum, for purposes of reporting a measure or recommendation, shall be a majority of the Committee Members. For purposes of taking testimony or receiving evidence, a quorum shall be one Member from the Majority and one Member from the Minority. The Chair of the Committee or Subcommittee shall exercise reasonable comity by waiting for the Ranking Minority Member even if a quorum is present before striking the gavel to commence the hearing. For hearings held by the Committee or a Subcommittee in a location other than the Committee's hearing room in Washington, DC, a quorum shall be deemed to be present if the Chair of the Committee or Subcommittee is present.

9. AMENDMENTS DURING MARKUP

Any amendment offered to any pending legislation before the Committee must be made available in written form by any Member of the Committee. If such amendment is not available in written form when requested, the Chair shall allow an appropriate period for the provision thereof and may adjourn the markup to provide sufficient time for the provision of such written amendment. Such

period or adjournment shall not prejudice the offering of such amendment.

For amendments to be accepted during mark-up, there is no requirement that the amendments be filed prior to commencement of the mark-up or prepared with the assistance of the Office of Legislative Counsel. Even though it is not necessary, Members seeking to amend legislation during mark-up should draft amendments with the assistance of the Office of Legislative Counsel and consult with the Chair or Ranking Member's staff (as appropriate) in the preparation of such amendments.

10. POSTPONEMENT OF PROCEEDINGS

The Chair in consultation with the Ranking Minority Member may postpone further proceedings when a record vote is ordered on the question of approving any measure or matter or adopting an amendment. The Chair may resume postponed proceedings, but no later than 24 hours after such postponement, unless the House is not in session or there are conflicts with Member schedules that make it unlikely a quorum will be present to conduct business on the postponed proceeding. In such cases, the Chair will consult with Members to set a time as early as possible to resume proceedings but in no event later than the next meeting date as set forth in Rule 3 of these Rules. When proceedings resume on a postponed question, notwithstanding any intervening order for the previous question, an underlying proposition shall remain subject to further debate or amendment to the same extent as when the question was postponed.

11. NUMBER AND JURISDICTION OF SUBCOMMITTEES

There will be five Subcommittees as follows:

The Subcommittee on Agriculture, Energy and Trade

This Subcommittee (which will consist of six (6) Republican Members and four (4) Democratic Members) will address policies that enhance rural economic growth, increasing America's energy independence and ensuring that America's small businesses can compete effectively in a global marketplace.

- Oversight of agricultural policies.
- Oversight of environmental issues and regulations (including agencies such as the Environmental Protection Agency and the Army Corps of Engineers).
- Oversight of energy issues, including expansion of domestic resources whether they are renewable or non-renewable.
- Oversight of international trade policy with particular emphasis on agencies that provide direct assistance to small businesses, such as: the Small Business Administration's (SBA) Office of International Trade, the Department of Commerce's United States Export Assistance Centers, the Department of Agriculture's Foreign Agricultural Service, and the Export-Import Bank.
- Oversight of infringement of intellectual property rights by foreign competition.

The Subcommittee on Health and Technology

This Subcommittee (which will consist of six (6) Republican Members and four (4) Democratic Members) will address how

health care policies may inhibit or promote economic growth and job creation by small businesses. In addition, the Subcommittee will examine small business job growth through the creation and adoption of advanced technologies.

- Oversight of the implementation of the Patient Protection and Affordable Care Act.
- Oversight of availability and affordability of health care coverage for small businesses.
- Oversight of general technology issues, including intellectual property policy in the United States.
- Oversight of United States telecommunications policies including, but not limited to, the National Broadband Plan and allocation of electromagnetic spectrum.
- The Small Business Innovation Research Program.
- Small Business Technology Transfer Program.

The Subcommittee on Economic Growth, Tax and Capital Access

This Subcommittee (which will consist of six (6) Republican Members and four (4) Democratic Members) will evaluate the operation of the financial markets in the United States and their ability to provide needed capital to small businesses. In addition, the Subcommittee will review federal programs, especially those overseen by the SBA, aimed at assisting entrepreneurs in obtaining needed capital. Since the tax policy plays an integral role in access to capital, this Committee also will examine the impact of federal tax policies on small businesses.

- Oversight of capital access and financial markets.
- Implementation of the Dodd-Frank Wall Street Reform and Consumer Protection Act.
- SBA financial assistance programs, including guaranteed loans, microloans, certified development company loans, and small business investment companies.
- Oversight of the Department of Agriculture business and industry guaranteed loan program.
- Oversight of general tax policy affecting small businesses.
- The management of the SBA disaster loan program.

The Subcommittee on Investigations, Oversight and Regulations

This Subcommittee (which will consist of six (6) Republican Members and four (4) Democratic Members) will probe the efficient operation of government programs that affect small businesses, including the SBA, and develop proposals to make them operate in a more cost-effective manner. This Subcommittee also will review the regulatory burdens imposed on small businesses and how those burdens may be alleviated.

- Oversight of general issues affecting small businesses and federal agencies.
- Oversight of the management of the SBA.
- Oversight of the SBA Inspector General.
- Implementation of the Regulatory Flexibility Act.
- Oversight of the Office of Information and Regulatory Affairs at the Office of Management and Budget.
- Use of the Congressional Review Act.
- Transparency of the federal rulemaking process as required by the Administrative Procedure and Data Quality Acts.

- Implementation of the Paperwork Reduction Act.

The Subcommittee on Contracting and Workforce

This Subcommittee (which will consist of six (6) Republican Members and four (4) Democratic Members) will assess the federal procurement system, including those programs designed specifically to enhance participation by small businesses in providing goods and services to the federal government. The Subcommittee will examine various programs designed to provide technical assistance to small businesses, whether specifically aimed at federal contractors or small businesses in general. Finally, the Subcommittee will review the broad scope of workforce issues that affect the ability of small businesses to obtain and maintain qualified employees.

- Oversight of government-wide procurement practices and programs affecting small businesses.
- Oversight of federal procurement policies that inhibit or expand participation by small businesses in the federal contracting marketplace.
- All contracting programs established by the Small Business Act, including HUBZone, 8(a), Women-, and Service Disabled Veteran-Owned Small Business Programs.
- Technical assistance provided to federal contractors and prospective contractors through SBA personnel, Offices of Small and Disadvantaged Business Utilization, and Procurement Technical Assistance Centers.
- The SBA Surety Bond guarantee program.
- Oversight of all federal policies that affect the workforce including, but not limited to, the roles of the Department of Labor and the National Labor Relations Board.
- SBA entrepreneurial development and technical assistance programs unrelated to participation in the federal government contracting.

12. POWERS AND DUTIES OF SUBCOMMITTEES

Each Subcommittee is authorized to meet, hold hearings, receive evidence, and report to the Committee on any matters referred to it. Prior to the scheduling of any meeting or hearing of a Subcommittee, the Chair of the Subcommittee shall obtain the approval of the Chair of the Committee.

No hearing or meeting of a Subcommittee shall take place at the same time as the meeting or hearing of the full Committee or another Subcommittee, *provided however*, that the Subcommittee Chairs may hold field hearings that conflict with those held by other Subcommittees of the Committee.

13. COMMITTEE STAFF

A. Majority Staff

The employees of the Committee, except those assigned to the Minority as provided below, shall be appointed and assigned, and may be removed by the Chair of the Committee. The Chair shall fix their remuneration and they shall be under the general supervision and direction of the Chair.

B. Minority Staff

The employees of the Committee assigned to the Minority shall be appointed and assigned, and their remuneration determined, as the Ranking Minority Member of the Committee shall decide.

C. Subcommittee Staff

There shall be no separate staff assigned to Subcommittees. The Chair and Ranking Member shall endeavor to ensure that sufficient committee staff is made available in order that each Subcommittee may carry out the responsibilities set forth in Rule 11, *supra*.

14. RECORDS

The Committee shall keep a complete record of all actions, which shall include a record of the votes on any question on which a recorded vote is demanded. The result of any vote by the Committee, or if applicable by a Subcommittee, including a voice vote, shall be posted on the Committee's website within 24 hours after the vote has been taken. Such record shall include a description of the amendment, motion, order, or other proposition, the name of the Member voting for and against such amendment, motion, order, or other proposition, and the names of Members present but not voting. For any amendment, motion, order, or other proposition decided by voice vote, the record shall include a description and whether the voice vote was in favor or against.

The Committee shall keep a complete record of all Committee and Subcommittee activity which, in the case of a meeting or hearing transcript shall include a substantially verbatim account of the remarks actually made during the proceedings subject only to technical, grammatical, and typographical corrections authorized by the person making the remarks.

The records of the Committee at the National Archives and Records Administration shall be made available in accordance with rule VII of the Rules of the House. The Chair of the Committee shall notify the Ranking Member of the Committee of any decision, pursuant to rule VII, cl. 3(b)(3) or cl. 4(b), to withhold a record otherwise available, and the matter shall be presented to the Committee for a determination of the written request of any Member of the Committee.

The Committee Rules shall be made publicly available in electronic form and published in the Congressional Record not later than 30 days after the Chair of the Committee is elected in each odd-numbered year.

15. ACCESS TO CLASSIFIED OR SENSITIVE INFORMATION

Access to classified or sensitive information supplied to the Committee or Subcommittees and attendance at closed sessions of the Committee or a Subcommittee shall be limited to Members and necessary Committee staff and stenographic reporters who have appropriate security clearance when the Chair determines that such access or attendance is essential to the functioning of the Committee or one of its Subcommittees.

The procedures to be followed in granting access to those hearings, records, data, charts, and files of the Committee which in-

volve classified information or information deemed to be sensitive shall be as follows:

(A) Only Members of the House of Representatives and specifically designated Committee staff of the Committee on Small Business may have access to such information.

(B) Members who desire to read materials that are in possession of the Committee shall notify the Clerk of the Committee in writing.

(C) The Clerk of the Committee will maintain an accurate access log, which identifies the circumstances surrounding access to the information, without revealing the material examined.

(D) If the material desired to be reviewed is material which the Committee or Subcommittee deems to be sensitive enough to require special handling, before receiving access to such information, individuals will be required to sign an access information sheet acknowledging such access and that the individual has read and understands the procedures under which access is being granted.

(E) Material provided for review under this rule shall not be removed from a specified room within the Committee offices.

(F) Individuals reviewing materials under this rule shall make certain that the materials are returned to the proper custodian.

(G) No reproductions or recordings may be made of any portion of such materials.

(H) The contents of such information shall not be divulged to any person in any way, form, shape, or manner and shall not be discussed with any person who has not received the information in the manner authorized by the rules of the Committee.

(I) When not being examined in the manner described herein, such information will be kept in secure safes or locked file cabinets within the Committee offices.

(J) These procedures only address access to information the Committee or Subcommittee deems to be sensitive enough to require special treatment.

(K) If a Member of the House of Representatives believes that certain sensitive information should not be restricted as to dissemination or use, the Member may petition the Committee or Subcommittee to so rule. With respect to information and materials provided to the Committee by the Executive Branch or an independent agency as that term is defined in 44 U.S.C. 3502, the classification of information and materials as determined by the Executive Branch or independent agency shall prevail unless affirmatively changed by the Committee or Subcommittee involved, after consultation with the Executive Branch or independent agency.

(L) Other materials in the possession of the Committee are to be handled in accordance with normal practices and traditions of the Committee.

16. OTHER PROCEDURES

The Chair of the Committee may establish such other procedures and take such actions as may be necessary to carry out the foregoing rules or to facilitate the effective operation of the Committee.

17. AMENDMENTS TO COMMITTEE RULES

The rules of the Committee may be modified, amended or repealed by a majority vote of the Members, at a meeting specifically

called for such purpose, but only if written notice of the proposed change or changes has been provided to each Member of the Committee at least 72 hours prior to the time of the meeting of the Committee to consider such change or changes.

18. BUDGET AND TRAVEL

From the amount provided to the Committee in the primary expense resolution adopted by the House of Representatives in the 113th Congress, the Chair, after consultation with the Ranking Minority Member, shall designate one-third of the budget under the direction of the Ranking Minority Member for the purposes of minority staff, travel expenses of minority staff and Members, and minority office expenses.

The Chair may authorize travel in connection with activities or subject matters under the legislative or oversight jurisdiction of the Committee as set forth in rule X of the Rules of the House.

The Ranking Minority Member may authorize travel for any Minority Member or staff of the minority in connection with activities or subject matters under the Committee's jurisdiction as set forth in rule X of the Rules of the House. Before such travel, there shall be submitted to the Chair of the Committee in writing the following at least seven (7) calendar days prior specifying: (a) the purpose of the travel; (b) the dates during which the travel is to occur; (c) the names of the states or countries to be visited and the length of time spent in each; and (d) the names of Members and staff of the Committee participating in such travel. Prior approval shall not be required of Minority Staff traveling to participate in a deposition, authorized by the Chair in rule 16 of these Rules of an individual located outside of the Washington, DC metropolitan area.

19. COMMITTEE WEBSITE

The Chair shall maintain an official Committee website for the purpose of furthering the Committee's legislative and oversight responsibilities, including communicating information about Committee's activities to Committee Members and other Members of the House. The Ranking Minority Member may maintain a similar website for the same purpose, including communicating information about the activities of the Minority to Committee Members and other Members of the House.

20. VICE CHAIR

Pursuant to the Rules of the House, the Chair shall designate a Member of the Majority to serve as Vice Chair of the Committee. The Vice Chair shall preside at any meeting or hearing during the temporary absence of the Chair. The Chair also reserves the right to designate a Member of the Committee Majority to serve as the Chair at a hearing or meeting.

MEMBERSHIP AND ORGANIZATION OF THE COMMITTEE ON SMALL BUSINESS ONE HUNDRED AND FOURTEENTH CONGRESS

FULL COMMITTEE

Rep. Steve Chabot (OH-01), <i>Chairman</i> Rep. Steve King (IA-04) Rep. Blaine Luetkemeyer (MO-03) Rep. Richard Hanna (NY-22) Rep. Tim Huelskamp (KS-01) Rep. Chris Gibson (NY-19) Rep. Dave Brat (VA-07) Del. Amua Amata Coleman Radewagen (AS) Rep. Steve Knight (CA-25) Rep. Carlos Curbelo (FL-26) Rep. Cresent Hardy (NV-04) Rep. Trent Kelly (MS-01) ² Rep. Warren Davidson (OH-08) ³ VACANT ⁴	Rep. Nydia Velázquez (NY-06), <i>Ranking Member</i> Rep. Judy Chu (CA-27) Rep. Janice Hahn (CA-44) Rep. Donald Payne, Jr. (NJ-10) Rep. Grace Meng (NY-06) Rep. Brenda Lawrence (MI-14) [Rep. Mark Takai (HI-01)] ¹ Rep. Yvette Clark (NY-09) Rep. Alma Adams (NC-12) Rep. Seth Moulton VACANT
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SUBCOMMITTEE ON AGRICULTURE, ENERGY AND TRADE

Rep. Carlos Curbelo (FL-26), <i>Chairman</i> Rep. Steve King (IA-04) Rep. Blaine Luetkemeyer (MO-03) Rep. Tim Huelskamp (KS-01) Rep. Chris Gibson (NY-19) Rep. Dave Brat (VA-07)	Rep. Grace Meng (NY-06), <i>Ranking Member</i> Rep. Brenda Lawrence (MI-14) [Rep. Mark Takai (HI-01)] VACANT VACANT
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SUBCOMMITTEE ON HEALTH AND TECHNOLOGY

Del. Amua Amata Coleman Radewagen (AS), <i>Chairman</i> Rep. Blaine Luetkemeyer (MO-03) Rep. Carlos Curbelo (FL-26) VACANT VACANT VACANT	Rep. Seth Moulton (MA-06), <i>Ranking Member</i> Rep. Judy Chu (CA-27) VACANT VACANT
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SUBCOMMITTEE ON ECONOMIC GROWTH, TAX AND CAPITAL ACCESS

Rep. Tim Huelskamp (KS-01), <i>Chairman</i> ⁵ Rep. Richard Hanna (NY-22) Rep. Dave Brat (VA-07) Rep. Amua Amata Coleman Radewagen (AS) Rep. Trent Kelly (MS-01) Rep. Warren Davidson (OH-08)	Rep. Judy Chu (CA-27), <i>Ranking Member</i> Rep. Janice Hahn (CA-44) Rep. Donald Payne, Jr. (NJ-10) Rep. Yvette Clarke (NY-09)
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SUBCOMMITTEE ON CONTRACTING AND WORKFORCE

Rep. Richard Hanna (NY–22), <i>Chairman</i>	Rep. Judy Chu (CA–27), <i>Ranking Member</i> ⁶
Rep. Steve King (IA–04)	Rep. Brenda Lawrence (MI–14)
Rep. Chris Gibson (NY–19)	Rep. Yvette Clarke (NY–09)
Rep. Steve Knight (CA–25)	VACANT
Rep. Cresent Hardy (NV–02)	
Rep. Trent Kelly (MS–01)	

SUBCOMMITTEE ON INVESTIGATIONS, OVERSIGHT AND REGULATIONS

Rep. Cresent Hardy (NV–04), <i>Chairman</i>	Rep. Alma Adams (NC–12), <i>Ranking Member</i>
Steve Knight (CA–25)	VACANT
Rep. Warren Davidson (OH–08)	VACANT
VACANT	VACANT
VACANT	
VACANT	

¹ Rep. Takai died on July 20, 2016.² Rep. Kelly was elected on June 2, 2015 in a special election to replace the late Rep. Alan Nunnelee and was appointed to the Committee on Small Business.³ Rep. Davidson was elected on June 7, 2016 in a special election to replace Speaker John Boehner and was appointed to the Committee on Small Business.⁴ On November 5, 2015, Rep. Tom Rice (SC–7) resigned as a Member of the Committee on Small Business and took a position on the Committee on Ways and Means. On February 4, 2016, Rep. Mike Bost resigned as a Member of the Committee on Small Business and took a position on the Committee on Transportation and Infrastructure.⁵ Rep. Huelskamp replaced Rep. Tom Rice (SC–07) as Chairman of the Subcommittee on January 8, 2016. Rep. Rice resigned his position as Chairman of the Subcommittee when he resigned from the Committee.⁶ After the death of Rep. Takai, Rep. Judy Chu was named Ranking Member of the Subcommittee on Contracting and Workforce.**Legislative Activity**

Clause 1(d) of rule XI of the Rules of the House of Representatives for the 114th Congress requires that each standing committee no later than January 2 of each odd-numbered year, submit to the House a report on the activities of that committee, including a separate section summarizing the legislative activities of that committee.

SMALL BUSINESS DEVELOPMENT CENTERS IMPROVEMENT ACT

(H.R. 207)

Summary

H.R. 207 amends the Small Business Act to reauthorize and improve the Small Business Administration's Small Business Development Centers program.

Legislative History

H.R. 207 was introduced by Ranking Member Nydia Velázquez on January 8, 2015. On February 2, 2016, the Subcommittee on Economic Growth, Tax and Capital Access held a hearing on the Small Business Development Center program titled "SBA Management Review: Oversight of SBA's Entrepreneurial Development Offices." The hearing followed a report by the Government Accountability Office that identified SBA management problems and defi-

ciencies. At the hearing, Subcommittee Chairman Tim Huelskamp asked SBA's Assistant Administrator in the Office of Entrepreneurial Development about a \$1 million upgrade to SBA's Entrepreneurial Development Management System. The Assistant Administrator admitted that the redesigned system was not effective at achieving its purpose: measuring the performance outcomes of programs designed to help entrepreneurs.

On March 23, 2016, the Committee met in open session and considered an Amendment in the Nature of a Substitute to H.R. 207, introduced by Chairman Steve Chabot, which would also reauthorize the SBA Women's Business Centers and SCORE programs. The Amendment in the Nature of a Substitute to H.R. 207, as amended, was ordered reported favorably to the House by voice vote. H.R. 207 was subsequently included as Section 1841–1843, 1851–1855, and 1871–1878 in H.R. 4909, the National Defense Authorization Act (NDAA) for Fiscal Year (FY) 2017, which passed the House on May 18, 2016 by a vote of 277–147 (Roll Call No. 216). The House provisions were not included in the conference report for S. 2943, the NDAA for FY 2017. No further action was taken on H.R. 207.

RECOVERY IMPROVEMENTS FOR SMALL ENTITIES AFTER DISASTER ACT

(H.R. 208)

Summary

H.R. 208 requires the SBA Administrator to extend the deadline for Superstorm Sandy disaster loan applications. It also modernizes SBA's disaster loan program.

Legislative History

H.R. 208 was introduced by Representative Nydia Velázquez on January 8, 2015. On July 8, 2015, the Committee held a hearing titled “The Calm Before the Storm: Oversight of SBA's Disaster Loan Program.” The Committee heard testimony from an expert with the Government Accountability Office, who stated that as of June 2015, SBA had not implemented the guaranteed disaster loan programs Congress mandated in 2008, including the Immediate Disaster Assistance Program (IDAP)—a bridge loan program in which private-sector lenders would provide disaster victims with up to \$25,000 and an SBA decision within 36 hours of a lender's application on behalf of a borrower. In addition, SBA had not conducted a formal documented evaluation of lender feedback to establish what implementation challenges the agency might face and to determine what, if any, statutory changes Congress could consider.

On June 10, 2015, the Committee on Small Business met in open session and ordered H.R. 208 reported favorably, as amended, by voice vote. The bill passed the House, as amended, on July 13, 2015 by voice vote, and the Senate by unanimous consent on October 21, 2015. On November 16, 2015, the House passed H.R. 208, as amended by the Senate, by voice vote. It was signed into law on November 25, 2015 and became Pub. L. No. 114–88.

SMALL BUSINESS REGULATORY FLEXIBILITY IMPROVEMENTS ACT OF
2015

(H.R. 527)

Summary

H.R. 527 amends the Regulatory Flexibility Act of 1980 (RFA), as amended by the Small Business Regulatory Enforcement Fairness Act. The RFA requires federal agencies to assess the economic impacts of the rules they propose on small businesses, small not-for-profits, and small governmental jurisdictions, and if those impacts are significant, agencies must examine alternatives that would minimize those burdens. H.R. 527 would strengthen the RFA by: clarifying that agencies must measure both direct economic effects and reasonably foreseeable indirect effects; eliminating loopholes the Internal Revenue Service uses to avoid complying with the law's provisions; requiring agencies to perform more detailed analyses; mandating that the Small Business Administration (SBA) Chief Counsel for Advocacy promulgate government-wide RFA compliance regulations; expanding opportunities for small businesses to provide early input on new rules through Small Business Advocacy Review panels before rules are proposed; and strengthening the requirement that agencies periodically review existing regulations and further reduce small business impacts where feasible.

Legislative History

On January 26, 2015, Chairman Steve Chabot introduced H.R. 527. Given that H.R. 527 was nearly identical to predecessor bills that passed the House of Representatives in the 113th and 112th Congresses, the Committee on Small Business did not hold any hearings on the bill. However, as identified elsewhere in this report, the Committee and its subcommittees examined agency compliance with the RFA in multiple hearings during the 114th Congress.

On January 27, 2015, the Committee on the Judiciary met in open session and ordered H.R. 527 favorably reported by a vote of 19–8. The Committee on Small Business waived jurisdiction to H.R. 527 to expedite the bill's consideration on the House floor. On February 5, 2015, H.R. 527 was considered on the House floor and passed, as amended, by a vote of 260–163 (Roll Call No. 68).

SECURITY IN BONDING ACT OF 2015

(H.R. 838)

Summary

H.R. 838 amends the guarantee rate on the SBA's preferred surety bond program to bring it in line with the prior approval program. It also reduces abuse of surety bonds by ensuring that private bonds are backed by sufficient assets.

Legislative History

H.R. 838 was introduced by Representative Richard Hanna on February 10, 2015. The Committee held a hearing on February 12, 2015 titled "Contracting and the Industrial Base," which looked at

surety bond issues. Committee Members discussed raising the SBA's surety bond guarantee rate to attract more sureties without placing taxpayer funds at risk. This would make it easier for small businesses to obtain legitimate bonds and make disreputable sureties less attractive. Testimony at the hearing supplemented activities of the Committee during previous Congresses on the surety bond program.

H.R. 838 was incorporated into H.R. 1735, the National Defense Authorization Act for FY 2016 as Section 839. H.R. 1735 passed the Senate on May 14, 2015 by unanimous consent and the House, as amended, on November 5, 2015 (Roll Call No. 618) by a vote of 370–58. H.R. 838 was included as Section 874 of the House Amendment to S. 1356. The Senate agreed to the House amendment on November 10, 2015 (Roll Call No. 301) by a vote of 91–3. S. 1356 was signed by the President on November 25, 2015 and became Pub. L. No. 114–92.

SMALL BUSINESS INVESTMENT COMPANY CAPITAL ACT OF 2015

(H.R. 1023)

Summary

H.R. 1023 increases limits on the maximum amount of capital available to small business investment companies, thereby increasing the capital available to small businesses.

Legislative History

H.R. 1023 was introduced by Chairman Steve Chabot on February 24, 2015. On July 25, 2013, the Subcommittee on Investigations, Oversight and Regulations held a hearing titled “Examining the Small Business Investment Company Program” to review whether the Small Business Investment Company (SBIC) Program is meeting the needs of small business owners and reducing risk to taxpayers. The Committee heard from witnesses who strongly support allowing experienced managers of SBIC funds to increase their leverage, making more private capital available to small firms. On May 19, 2015, the Subcommittee on Economic Growth, Tax and Capital Access held a hearing titled “Improving Capital Access Programs within the SBA.” Brett Palmer, a witness testifying on behalf of the Small Business Investors Alliance, applauded Members of the Committee for introducing H.R. 1023, legislation to strengthen the Small Business Investment Company Program. He then called on Congress to move the bipartisan bill forward, emphasizing that doing so would increase the amount of private funds available to small firms by roughly \$750 million.

On June 10, 2015, the Committee on Small Business met in open session and ordered H.R. 1023 reported favorably by voice vote. It passed the House on July 13, 2015 by voice vote. H.R. 1023 was included as Section 521(b) in Title V of Division E of H.R. 2029, the Consolidated Appropriations Act of 2016, which was signed by the President on December 18, 2016 and became Pub. L. No. 114–113.

SMALL ENTREPRENEUR SUBCONTRACTING OPPORTUNITIES ACT OF 2015

(H.R. 1386)

Summary

H.R. 1386 holds senior executive personnel responsible for meeting a federal agency's small business prime contracting and subcontracting goals and percentages.

Legislative History

H.R. 1386 was introduced by Representative Carlos Curbelo on March 17, 2015. The Committee held a hearing on February 12, 2015 titled "Contracting and the Industrial Base," which looked at the non-manufacturer rule and joint venturing and teaming issues. On November 18, 2015, the Subcommittee on Contracting and Workforce held a hearing titled "Continuing Challenges for Small Contractors," which examined federal construction and challenges for contractors.

H.R. 1386 was incorporated into H.R. 1481, which was ordered reported favorably by the Committee on Small Business on March 25, 2015. H.R. 1481 was incorporated into H.R. 1735, the National Defense Authorization Act for FY 2016 and then S. 1356, which passed the Senate on May 14, 2015 by unanimous consent and the House, as amended, on November 5, 2016 (Roll Call No. 618) by a vote of 370–58. H.R. 1386 was included as Section 871 in the House amendment. The Senate agreed to the House amendment on November 10, 2015 (Roll Call No. 301) by a vote of 91–3. S. 1356 was signed by the President on November 25, 2015 and became Pub. L. No. 114–92.

SMALL BUSINESS JOINT VENTURING ACT OF 2015

(H.R. 1390)

Summary

H.R. 1390 promotes the use of small business teams and joint ventures on multiple award contracts and bundled or consolidated contracts by requiring agencies to treat the past performance and qualification of the members of the team or joint venture as the past performance and qualifications of the team or joint venture.

Legislative History

H.R. 1390 was introduced by Representative Steve Knight on March 17, 2015. The Committee held a hearing on February 12, 2015 titled "Contracting and the Industrial Base," at which the Committee examined ways to encourage joint ventures and teams.

H.R. 1390 was included in H.R. 1481, which was reported favorably by the Committee on Small Business on March 25, 2015. H.R. 1481 was incorporated into H.R. 1735, the National Defense Authorization Act for FY 2016 and then S. 1356, which passed the Senate on May 14, 2015 by unanimous consent and the House, as amended, on November 5, 2015 (Roll Call No. 618) by a vote of 370–58. H.R. 1390 was included as Section 867 of the House amendment. The Senate agreed to the House amendment on November 10, 2015 (Roll Call No. 301) by a vote of 91–3. S. 1356 was

signed by the President on November 25, 2015 and became Pub. L. No. 114–92.

TO AMEND THE SMALL BUSINESS ACT TO REQUIRE THE IMPLEMENTATION OF A DATA QUALITY IMPROVEMENT PLAN; AND FOR OTHER PURPOSES

(H.R. 1410)

Summary

H.R. 1410 requires the SBA, in coordination with the Department of Defense and the General Services Administration, to implement a plan to improve the quality of data on bundled and consolidated contracts.

Legislative History

H.R. 1410 was introduced by Delegate Aumua Amata Coleman Radewagen on March 17, 2015. On March 17, 2015, the Subcommittee on Contracting and Workforce held a hearing titled “Contracting and the Industrial Base II: Bundling, Goaling and the Office of Hearings and Appeals,” which examined the role of subcontracting and the role of Procurement Center Representatives.

H.R. 1410 was reported favorably by the Committee on Small Business on March 25, 2015. H.R. 1481 was subsequently incorporated into H.R. 1735, the National Defense Authorization Act for FY 2016 and then S. 1356, which passed the Senate on May 14, 2015 by unanimous consent and the House, as amended, on November 5, 2015 (Roll Call No. 618) by a vote of 370–58. H.R. 1410 was included as Section 862 of the House amendment. The Senate agreed to the House amendment on November 10, 2015 (Roll Call No. 301) by a vote of 91–3. S. 1356 was signed by the President on November 25, 2015 and became Pub. L. No. 114–92.

STRONGER VOICE FOR SMALL BUSINESSES ACT OF 2015

(H.R. 1429)

Summary

H.R. 1429 permits petitions to the SBA Office of Hearings and Appeals for reconsideration of small business size standards rather than forcing small businesses to take these cases to federal court.

Legislative History

H.R. 1429 was introduced by Representative Mike Bost on March 18, 2015. The Subcommittee on Contracting and Workforce held a hearing on March 17, 2015 titled “Contracting and the Industrial Base II: Bundling, Goaling and the Office of Hearings and Appeals,” at which the advantages of size standard appeals to SBA’s Office of Hearings and Appeals was discussed. The Subcommittee on Agriculture, Energy and Trade held a hearing on November 19, 2015 where witnesses expressed support for the SBA establishing size standards for agriculture small businesses.

H.R. 1429 was incorporated into H.R. 1735, the National Defense Authorization Act for FY 2016 as Section 862, and then S. 1356, which passed the Senate on May 14, 2015 by unanimous consent and the House, as amended, on November 5, 2015 (Roll Call No.

618) by a vote of 370–58. The Senate agreed to the House amendment on November 10, 2015 (Roll Call No. 301) by a vote of 91–3. S. 1356 was signed by the President on November 25, 2015 and became Pub. L. No. 114–92.

COMMONSENSE CONTRACTING COMPETITION ACT OF 2015

(H.R. 1444)

Summary

H.R. 1444 regulates the use of reverse auctions for federal procurements using Small Business Act contracting authorities. The bill prohibits the use reverse auctions on contracts for design and construction services, for personal protective gear, and for highly technical items. In all other cases, the legislation requires training of contracting personnel, truth in negotiations, and adherence to current laws governing past performance and responsibility, even when relying upon a third party to conduct the reverse auction.

Legislative History

H.R. 1444 was introduced by Representative Richard Hanna on March 18, 2015. The Subcommittee on Contracting and Workforce held a hearing on March 19, 2015 titled “Contracting and the Industrial Base III: Reverse Auctions, Verification and the SBA’s Role in Rulemaking,” at which the Subcommittee examined the issues that reverse auctions pose for competition and the industrial base, and issues specific to the use of third-party auction providers and their relevance to the industrial base.

H.R. 1444 was included in H.R. 1481, which was reported favorably to the House by the Committee on Small Business on March 25, 2015, as amended, by voice vote. Parts of H.R. 1481 were incorporated into H.R. 1735, the National Defense Authorization Act for FY 2016; however, H.R. 1444 was not among the provisions that were included. No further action was taken on this legislation.

SMALL CONTRACTORS IMPROVE COMPETITION ACT OF 2015

(H.R. 1481)

Summary

H.R. 1481 addresses the declining population rate of small businesses in federal contracting by improving five problems facing small businesses. First, the legislation improves the metrics by which small business contracting is measured to focus on both prime contracting and subcontracting by small business concerns in a wide variety of industries and from a broad spectrum of small businesses within each industry. Second, it promotes accountability and transparency in contract bundling and consolidation. Third, it removes regulatory and administrative barriers to small business competition. Fourth, it enacts reforms to ensure that small business advocates have the necessary qualifications to perform their jobs. Finally, it improves the process for determining which firms qualify as small businesses.

Legislative History

H.R. 1481 was introduced by Chairman Steve Chabot on March 19, 2015. The full Committee held a hearing on February 12, 2015 titled “Contracting and the Industrial Base” that examined the nonmanufacturer issue and joint venturing and teaming issues. On March 7, 2015, the Subcommittee on Contracting and Workforce held a hearing titled “Contracting and the Industrial Base II: Bundling, Goaling and the Office of Hearings and Appeals,” that looked at the use of subcontracting, questions of data quality, abuse of bundling and consolidation, and the subcontracting goals. On March 19, 2015, the Subcommittee on Contracting and Workforce held a hearing titled “Contracting and the Industrial Base III: Reverse Auctions, Verification and the SBA’s Role in Rulemaking,” that examined reverse auctions. Finally, on December 9, 2015, the Procurement Center Representatives, Commercial Market Representatives and Business Opportunity Specialist programs were the subject of a hearing of the Subcommittee on Contracting and Workforce titled “Supporting Success: Empowering Small Business Advocates.”

On March 25, 2015, the Committee on Small Business met in open session and ordered H.R. 1481, as amended, be reported favorably to the House by voice vote. H.R. 1481 included H.R. 1386, H.R. 1390, H.R. 1410, H.R. 1444 and H.R. 1583 (detailed below). Provisions of H.R. 1481 were incorporated into H.R. 1735, the National Defense Authorization Act for FY 2016, and then S. 1356, which passed the Senate on May 14, 2015 by unanimous consent and the House, as amended, on November 5, 2015 (Roll Call No. 618) by a vote of 370–58. The Senate agreed to the House amendment on November 10, 2015 (Roll Call No. 301) by a vote of 91–3. H.R. 1481 was included as Sections 862–865, 867, and 871 of S. 1356. S. 1356 was signed by the President on November 25, 2015 and became Pub. L. No. 114–92.

SMALL BUSINESS CONTRACTOR’S CLARIFICATION ACT OF 2015

(H.R. 1583)

Summary

H.R. 1583 clarifies that the current nonmanufacturer rule only applies to contracts for goods, not contracts for services, despite recent court decisions to the contrary. This will allow small business service contractors to provide incidental items under a contract even if the items were not manufactured by a small business.

Legislative History

H.R. 1583 was introduced by Representative Cresent Hardy on March 24, 2015. On February 12, 2015, the Committee held a hearing titled “Contracting and the Industrial Base” which discussed issues specific to contracting and the industrial base, such as the misapplication of the nonmanufacturer rule by the courts. Specifically, the Committee heard testimony from witnesses who stated that the nonmanufacturer rule exists to ensure that when competition for goods is restricted to small businesses, that the good ultimately purchased is the product of a small business. Witnesses also

discussed the need for legislation that reinforces the traditional understanding of the nonmanufacturer rule.

H.R. 1583 was included in H.R. 1481, which was reported favorably by the Committee on Small Business on March 25, 2015, as amended, by voice vote. H.R. 1481 was subsequently incorporated into H.R. 1735, the National Defense Authorization Act for FY 2016 and then S. 1356, which passed the Senate on May 14, 2015 by unanimous consent and the House, as amended, on November 5, 2015 (Roll Call No. 618) by a vote of 370–58. H.R. 1583 was included as Section 864 of the House amendment. The Senate agreed to the House amendment on November 10, 2015 (Roll Call No. 301) by a vote of 91–3. S. 1356 was signed by the President on November 25, 2015 and became Pub. L. No. 114–92.

VETERANS ENTREPRENEURSHIP ACT OF 2015

(H.R. 2499)

Summary

H.R. 2499 makes permanent a program within the Small Business Administration (SBA) that provides a fee waiver on loans made to veteran entrepreneurs seeking to start and grow their own small businesses at no cost to taxpayers. Specifically, the bill waives the upfront guarantee fee for a SBA 7(a) express loan at no cost to the taxpayer.

Legislative History

H.R. 2499 was introduced by Chairman Steve Chabot on May 21, 2015. On May 19, 2015, the Subcommittee on Economic Growth, Tax and Capital Access held a hearing titled “Improving Capital Access Programs within the SBA.” At the hearing, Rick Bradshaw, testifying on behalf of the National Association of Government Guaranteed Lenders (NAGGL), encouraged the Committee to work on solutions that could help SBA loan programs become more accessible to veterans and other underserved markets.

On June 10, 2015, the Committee on Small Business met in open session and ordered H.R. 2499, as amended, be reported favorably by voice vote. It passed the House on July 13, 2015 and the Senate, as amended, on July 23, 2015 by unanimous consent. The Senate amendment increased the lending cap for the Small Business Administration’s 7(a) loan guarantee program to \$23.5 billion. On July 27, 2015, Chairman Chabot moved to suspend the rules and concur with the Senate amendment to H.R. 2499 and the bill passed by voice vote. The bill was signed by the President on July 28, 2015 and became Pub. L. No. 114–38.

EXPORT COORDINATION ACT OF 2015

(H.R. 2586)

Summary

H.R. 2586 improves the coordination of federal export promotion resources and streamline the export process so more small businesses can sell goods overseas.

Legislative History

H.R. 2586 was introduced by Chairman Steve Chabot on June 1, 2015. It was referred to the Committee on Foreign Affairs. No further action was taken on this legislation by the House.

STATE TRADE COORDINATION ACT OF 2015

(H.R. 2587)

Summary

H.R. 2587 revises membership of the Trade Promotion Coordinating Committee (TPCC) to include one or more presidential appointees representing state trade promotion agencies. This would enhance promotion of exports by United States businesses, including small firms and increase the effectiveness of federal-state coordination to better assist exporting small businesses.

Legislative History

H.R. 2587 was introduced by Chairman Steve Chabot on June 1, 2015, and referred to the Committee on Foreign Affairs. The Committee held a hearing on May 20, 2015 titled “Across Town, Across Oceans: Expanding the Role of Small Business in Global Commerce” which examined ways to increase the number of small businesses that export and improve the export process for small businesses.

Portions of H.R. 2587 were included in H.R. 644, the Trade Facilitation and Trade Enforcement Act of 2015, and into the House-Senate conference report on H.R. 644 as Section 504, which passed the House on December 11, 2015 by a vote of 256–158 (Roll Call No. 693) and the Senate on February 11, 2016 by a vote of 75–20 (Roll Call No. 22). It was signed by the President on February 24, 2016 and became Pub. L. No. 114–125.

MICROLOAN MODERNIZATION ACT

(H.R. 2670)

Summary

H.R. 2670 modernizes the SBA Microloan program by raising the loan limit on loans held by microloan intermediaries creates flexibility in the technical assistance requirements; and allows intermediaries to manage their loan portfolios in ways that best meet the needs of their borrowers, expanding participation in the microloan program.

Legislative History

H.R. 2670 was introduced by Representative Seth Moulton on June 4, 2015. On May 19, 2015, the Subcommittee on Economic Growth, Tax and Capital Access held a hearing titled “Improving Capital Access Programs within the SBA.” The Subcommittee heard testimony from industry representatives regarding programs, including the Microloan program.

On June 10, 2015, the Committee on Small Business met in open session and ordered H.R. 2670 reported favorably by voice vote.

The bill was passed by the House on July 13, 2015 by voice vote. No further action was taken on this legislation.

AMEND THE CONSOLIDATED AND FURTHER CONTINUING APPROPRIATIONS ACT, 2015, WITH RESPECT TO FUNDING FOR CERTAIN SMALL BUSINESS ADMINISTRATION LOANS

(H.R. 3191)

Summary

H.R. 3191 amends the Consolidated and Further Continuing Appropriations Act, 2015 with respect to funding available for Fiscal Year 2015 for certain general business loans, known as Section 7(a) loans, authorized under the Small Business Act and amends the Small Business Act to modify loan limitations. In addition, the bill requires the Small Business Administration to submit quarterly reports regarding loans issued under Section 7(a) of the Small Business Act to the House Committee on Small Business, the House Committee on Appropriations, the Senate Committee on Small Business and Entrepreneurship, and the Senate Committee on Appropriations for three years beginning on the date of enactment of H.R. 3191.

Legislative History

H.R. 3191 was introduced by Chairman Chabot on July 23, 2015 and referred to the Committee on Small Business. That same day, Senator Vitter, asked for immediate consideration of H.R. 2499, the Veterans Entrepreneurship Act of 2015. The Senate amended H.R. 2499 to include language that was virtually the same as that of H.R. 3191, and H.R. 2499 was passed by the Senate by voice vote. On July 27, 2015, Chairman Chabot moved to suspend the rules and concur with the Senate amendment to H.R. 2499 and the bill passed by voice vote. H.R. 2499 was signed by the President on July 28, 2015 and became Pub. L. No. 114–38.

SMALL AGRICULTURE PRODUCER SIZE STANDARDS IMPROVEMENTS ACT OF 2015

(H.R. 3714)

Summary

H.R. 3714 allows the Small Business Administration to create individual size standards for each type of agricultural producer rather than relying upon a statutorily-set single size standard for all agricultural enterprises. This change will allow small farmers and ranchers greater access to SBA programs and federal markets, as well as ensuring that the needs of these small businesses are considered during rulemakings.

Legislative History

H.R. 3714 was introduced by Representative Mike Bost on October 8, 2015. The Subcommittee on Agriculture, Energy and Trade held a legislative hearing on November 19, 2015 titled “Improving Size Standards for Small Farmers and Ranchers.” At the hearing, Subcommittee Chairman Carlos Curbelo noted that the existing size standard for agricultural enterprises is established in statute

and has not been updated in 15 years. Witnesses explained that the size standard setting process needs to be modernized because it does not account for changes in industry structure, costs of production, economic conditions or other factors.

H.R. 3714 was subsequently incorporated into H.R. 4341. On January 13, 2016, the Committee met in open session and ordered H.R. 4341, as amended, reported favorably to the House by voice vote. H.R. 3714 was also considered on the House Floor under suspension of the Rules on April 19, 2016 and passed by voice vote. H.R. 3714 was subsequently included in Section 1863 of Title XVIII of H.R. 4909, the National Defense Authorization Act (NDAA) for Fiscal Year (FY) 2017, which passed the House on May 18, 2016 by a vote of 277–147 (Roll Call No. 216).

A provision that was substantially similar to H.R. 3714 was included as Section 1831 in the conference report for S. 2943, the FY 2017 NDAA, which was agreed to by the House on December 2, 2016 by a vote of 375–34 (Roll Call No. 600). The conference report was then agreed to by the Senate on December 8, 2016 by a vote of 92–7. On December XX, 2016, it was signed by the President and became Pub. L. No. 114–XX.⁷

EXPRESSING SUPPORT FOR “NATIONAL ENTREPRENEURS’ DAY”

(H. RES. 511)

Summary

H. Res. 511 expresses support for designation of the third Tuesday in November as “National Entrepreneurs” Day.”

Legislative History

H. Res. 511 was introduced by Chairman Steve Chabot on November 3, 2015. On November 17, 2015, the Committee on Small Business held a hearing titled “National Entrepreneurs” Day” which highlighted the vital role that entrepreneurs play in the American economy. H. Res. 511 was referred to the Committee on Energy and Commerce. No action was taken on this legislation.

IMPROVING OPPORTUNITIES FOR SERVICE-DISABLED VETERAN-OWNED SMALL BUSINESSES ACT OF 2015

(H.R. 3945)

Summary

H.R. 3945 improves contracting opportunities for certain veteran-owned small businesses.

Legislative History

H.R. 3945 was introduced by Representative Mike Coffman on November 5, 2015. On November 4, 2015, the Small Business Subcommittee on Contracting and Workforce held a joint hearing with the Veterans’ Affairs Subcommittee on Oversight and Investigations to examine the Department of Veterans’ Affairs’ verification program for veteran-owned small businesses and service-disabled

⁷H.R. 3714 was included in S. 2936. At the time of this report’s filing on December 20, 2016, S. 2936 had been presented to the President for his signature but had not yet been signed.

veteran-owned small businesses. The hearing followed a 2013 joint subcommittee hearing that explored challenges facing service-disabled, veteran-owned small businesses seeking federal contracts using both the SBA and the VA contracting programs. The Government Accountability Office provided an update to its 2013 findings that identified significant problems with the VA's verification program, including an insufficient data system and lack of a long term strategic plan for the program.

H.R. 3945 was referred to the Committee on Veterans' Affairs Subcommittee on Economic Opportunity. It was subsequently incorporated into H.R. 4341. On January 13, 2016, the Committee met in open session and ordered H.R. 4341, as amended, reported favorably to the House by voice vote. H.R. 3945 was subsequently included as Section 1864 of Title XVIII of H.R. 4909, the National Defense Authorization Act (NDAA) for Fiscal Year (FY) 2017, which passed the House on May 18, 2016 by a vote of 277–147 (Roll Call No. 216).

A provision that was substantially similar to H.R. 3945 was included as Section 1832 in the conference report for S. 2943, the FY 2017 NDAA, which was agreed to by the House on December 2, 2016 by a vote of 375–34 (Roll Call No. 600). The conference report was then agreed to by the Senate on December 8, 2016 by a vote of 92–7. On December XX, 2016, it was signed by the President and became Pub. L. No. 114–XX.⁸

EXPRESSING SUPPORT FOR “SMALL BUSINESS SATURDAY”

(H. RES. 534)

Summary

H. Res. 534 is a bipartisan resolution to increase awareness of the value of locally owned small businesses.

Legislative History

H. Res. 534 was introduced on by Chairman Steve Chabot on November 19, 2015. It was referred to the Committee on Small Business. No action was taken on this legislation.

COMMERCIAL MARKET REPRESENTATIVE CLARIFICATION ACT OF 2015

(H.R. 4198)

Summary

H.R. 4198 codifies and modernize the Small Business Administration's (SBA) Commercial Market Representative (CMR) program to ensure that small business concerns have the opportunity to compete for subcontracts on large federal prime contracts, and that the SBA employees tasked with enforcement of the subcontracting program have clear direction.

Legislative History

H.R. 4198 was introduced by Representative Dave Brat on December 9, 2015. On December 9, 2015, the Subcommittee on Con-

⁸H.R. 3945 was included in S. 2936. At the time of this report's filing on December 20, 2016, S. 2936 had been presented to the President for his signature but had not yet been signed.

tracting and Workforce examined contracting compliance and enforcement in a hearing titled “Supporting Success: Empowering Small Business Advocates.” At the hearing, witnesses discussed the lack of federal compliance guidance available to small business contractors and the fact that there is an insufficient number of SBA Procurement Center Representatives (PCRs). Witnesses also noted that CMRs lack clear, up-to-date job descriptions, and Subcommittee Members discussed whether direction in statute might help ensure that those advocates are better able to fulfill the spirit of the Small Business Act. The Subcommittee also considered ways to connect small businesses with private sector resources. On February 25, 2016, the Subcommittee held a hearing titled “Hotline Truths: Issues Raised by Recent Audits of Defense Contracting.” At the hearing, witnesses stated that PCRs and CMRs play a critical role in contracting opportunities for small firms. Currently, witnesses said, there are too few PCRs and CMRs, they receive insufficient training and have too few resources. In addition, clarification of PCR and CMR duties and greater enforcement of reporting requirements is needed. Witnesses agreed that the reforms contained in H.R. 4341 would be helpful to make contracting opportunities available.

H.R. 4198 was subsequently incorporated into H.R. 4341. On January 13, 2016, the Committee met in open session and ordered H.R. 4341, as amended, reported favorably to the House by voice vote. H.R. 4198 was subsequently included in Section 1812 of Title XVIII of H.R. 4909, the National Defense Authorization Act for Fiscal Year 2017, which passed the House on May 18, 2016 by a vote of 277–147 (Roll Call No. 216). The House provision was not included in the conference report for S. 2943, the FY 2017 NDAA. No further action was taken on H.R. 4198.

SERVICE PROVIDER OPPORTUNITY CLARIFICATION ACT OF 2015

(H.R. 4284)

Summary

H.R. 4284 requires the SBA to issue regulations providing examples of activities that would be considered a failure to make a good faith effort to comply with the requirements imposed on any entity (other than a small business) awarded a prime contract exceeding \$500,000 (or exceeding \$1 million if for construction of a public facility) that contains a SBA clause that: 1) notifies potential offering companies of SBA requirements relating to contracts awarded pursuant to the negotiated method of procurement; or 2) requires any bidder selected for a contract award to submit to the appropriate federal agency a subcontracting plan which incorporates specified SBA information.

Legislative History

H.R. 4284 was introduced by Representative Carlos Curbelo on December 17, 2015. The Subcommittee on Contracting and Workforce examined the importance of small business subcontractor viability on December 9, 2015 in a hearing titled “Supporting Success: Empowering Small Business Advocates.” At the hearing, witnesses discussed the need to modernize and reform the federal rules for

small business advocates so they can better assist small companies that do business with the federal government. At the hearing, it was noted that PCRs are charged with implementing the requirement that small businesses be afforded the maximum practicable opportunity to compete for prime contracts and the ability to compete for subcontracts on contracts not awarded to small firms. The SBA's current 49 PCRs also serve in 25 other roles at the SBA. The Subcommittee Members examined whether, given the recent decline in small business subcontracting, PCRs should be allowed to dispute a procurement if their recommendation on a subcontract was not followed.

Witnesses also explained that when a contract is awarded to an other-than-small business and the contract is for more than \$650,000, the contract must include a subcontracting plan enumerating the opportunities for small businesses to participate as subcontractors and the plan must assign both percentage and dollar value goals to these opportunities. The PCR, when available, provides an opinion to the contracting officer on the appropriate subcontracting goals. In a 2011 report, the Government Accountability Office suggested that a way to increase the efficacy of PCRs was to permit PCRs to dispute a procurement if their recommendations on a subcontracting plan were not implemented. This would encourage the contracting officer to listen to the PCR on subcontracting, and serve to increase subcontracting goals and opportunities for small businesses. Agencies opposed this option because they did not think the PCRs had enough information about the overall contract or the prime contractor to accurately assess the subcontracting plan. The Subcommittee thought this suggestion may deserve additional consideration.

H.R. 4284 was subsequently incorporated into H.R. 4341. On January 13, 2016, the Committee met in open session and ordered H.R. 4341, as amended, reported favorably to the House by voice vote. H.R. 4284 was also considered on the House Floor under suspension of the Rules on April 19, 2016 and passed by voice vote. H.R. 4284 was later included in Section 1821 of Title XVIII of H.R. 4909, the National Defense Authorization Act (NDAA) for Fiscal Year (FY) 2017, which passed the House on May 18, 2016 by a vote of 277–147 (Roll Call No. 216).

A provision that was substantially similar to H.R. 4284 was included as Section 1821 in the conference report for S. 2943, the FY 2017 NDAA, which was agreed to by the House on December 2, 2016 by a vote of 375–34 (Roll Call No. 600). The conference report was then agreed to by the Senate on December 8, 2016 by a vote of 92–7. On December XX, 2016, it was signed by the President and became Pub. L. No. 114–XX.⁹

⁹H.R. 4284 was included in S. 2936. At the time of this report's filing on December 20, 2016, S. 2936 had been presented to the President for his signature but had not yet been signed.

PROMOTING RELIABLE SUBCONTRACTORS ACT OF 2016

(H.R. 4317)

Summary

H.R. 4317 amends the Small Business Act to add a new paragraph creating a pilot program that allows small businesses to apply for past performance credit for work performed as a first tier subcontractor.

Legislative History

H.R. 4317 was introduced by Representative Richard Hanna on January 5, 2016. The Subcommittee on Contracting and Workforce considered issues of subcontractors at a hearing titled “Continuing Challenges for Small Contractors” on November 18, 2015. As part of the Subcommittee’s ongoing effort to improve the competitive viability of small contractors, the hearing witnesses discussed the unique problems that subcontractors face in the federal arena. For example, the Small Business Act requires that large prime contractors’ businesses must negotiate goals for using small subcontractors. However, the last time a company suffered a penalty for violating its subcontracting plan was 1982. SBA lowered the subcontracting goal again last year, but agencies still are missing the goal: the subcontracting achievements report doesn’t even provide dollars, although this information has been required since the 1970s. Many large contractors don’t even submit reports about their subcontracting activities. All of this sends the message that while Congress may want small business subcontractors to succeed, the agencies must enforce the laws.

H.R. 4317 was incorporated into H.R. 4341. On January 13, 2016, the Committee met in open session and ordered H.R. 4341, as amended, reported favorably to the House by voice vote. H.R. 4317 was subsequently incorporated into Section 1822 of Title XVIII of H.R. 4909, the National Defense Authorization Act (NDAA) for Fiscal Year (FY) 2017, which passed the House on May 18, 2016 by a vote of 277–147 (Roll Call No. 216).

H.R. 4317 was included as Section 1822 in the conference report for S. 2943, the FY 2017 NDAA, which was agreed to by the House on December 2, 2016 by a vote of 375–34 (Roll Call No. 600). The conference report was then agreed to by the Senate on December 8, 2016 by a vote of 92–7. On December XX, 2016, it was signed by the President and became Pub. L. No. 114–XX.¹⁰

MENTOR-PROTÉGÉ COOPERATION REFORM ACT OF 2016

(H.R. 4322)

Summary

H.R. 4322 amends the National Defense Authorization Act for Fiscal Year 1991 to allow the Department of Defense (DoD) to rely upon the SBA’s Office of Hearings and Appeals to make size determinations. The bill also improves cooperation between the DoD

¹⁰H.R. 4317 was included in S. 2936. At the time of this report’s filing on December 20, 2016, S. 2936 had been presented to the President for his signature but had not yet been signed.

Mentor-Protégé program and the SBA’s Mentor-Protégé program, including the sharing of data and measures of success.

Legislative History

H.R. 4322 was introduced by Representative Steve Knight on January 6, 2016. On October 27, 2015, the Subcommittee on Contracting and Workforce held a hearing titled “Maximizing Mentoring: How are the SBA and DoD Mentor-Protégé Programs Serving Small Businesses?” The hearing examined how the SBA is implementing changes to its mentor-protégé program, how the SBA and DoD are measuring effectiveness of mentor-protégé relationships and whether there are opportunities for increased partnering between the SBA and DoD programs. The Subcommittee also reviewed the findings of a GAO report that encouraged post-agreement tracking of mentor-protégé relationships.

H.R. 4322 was incorporated into H.R. 4341. On January 13, 2016, the Committee met in open session and ordered H.R. 4341, as amended, reported favorably to the House by voice vote. H.R. 4322 was subsequently included in Section 1831 of Title XVIII of H.R. 4909, the National Defense Authorization Act (NDAA) for Fiscal Year (FY) 2017, which passed the House on May 18, 2016 by a vote of 277–147 (Roll Call No. 216).

A provision that incorporated parts of H.R. 4322 was included as Section 1823 in the conference report for S. 2943, the FY 2017 NDAA, which was agreed to by the House on December 2, 2016 by a vote of 375–34 (Roll Call No. 600). The conference report was then agreed to by the Senate on December 8, 2016 by a vote of 92–7. On December XX, 2016, it was signed by the President and became Pub. L. No. 114–XX.¹¹

UNIFYING SMALL BUSINESS TERMINOLOGY ACT OF 2016

(H.R. 4325)

Summary

H.R. 4325 amends the Small Business Act to revise the range of the anticipated value of federal procurement contracts that must be reserved exclusively for small businesses.

Legislative History

H.R. 4325 was introduced by Representative Nydia Velázquez on January 6, 2016. Although H.R. 4325 was not the subject of a separate hearing, the Committee has heard about, and considered the need for, unifying and updating certain terminology in the Small Business Act in a number of hearings over several years.

H.R. 4325 was incorporated into H.R. 4341. On January 13, 2016, the Committee met in open session and ordered H.R. 4341, as amended, reported favorably to the House by voice vote. H.R. 4325 was also considered on the House Floor under suspension of the Rules on April 19, 2016 and passed by voice vote. H.R. 4325 was subsequently included in Section 1804 of Title XVIII of H.R. 4909, the National Defense Authorization Act (NDAA) for Fiscal

¹¹ H.R. 4322 was included in S. 2936. At the time of this report’s filing on December 20, 2016, S. 2936 had been presented to the President for his signature but had not yet been signed.

Year (FY) 2017, which passed the House on May 18, 2016 by a vote of 277–147 (Roll Call No. 216). The House provision was not included in the conference report for S. 2943, the FY 2017 NDAA. No further action was taken on H.R. 4325.

SMALL AND DISADVANTAGED BUSINESS ENHANCEMENT ACT OF 2016

(H.R. 4326)

Summary

H.R. 4326 amends the Small Business Act to expand the duties of the Office of Small and Disadvantaged Business Utilization. The bill clarifies that these offices should also provide assistance to service-disabled veteran-owned small businesses, and small businesses located in historically underutilized business zones (HUBZones). Additionally, the bill allows these offices with access to data to better detect abuse of government credit cards.

Legislative History

H.R. 4326 was introduced by Representative Alma Adams on January 6, 2016. The bill was the subject of a June 23, 2015 joint hearing by the Subcommittee on Oversight and Investigations titled “Manipulation and Fraud in Reporting VA Small Business Goals,” which examined the role of the Office of Service-Disabled and Veteran-Owned Small Businesses and the use of purchase cards. At the hearing, witnesses stated that the Department of Veterans Affairs had hidden billions of dollars in spending from the public and deprives small businesses of the opportunity to compete for contracts. It was also noted that the manipulation and misreporting of contract dollars were being concealed in an attempt to inflate the Department’s small business goaling numbers. The Subcommittee on Contracting and Workforce held a hearing on December 9, 2015 titled “Helping the Helpers: Empowering Small Business Advocates,” which explored the Procurement Center Representatives, the Office of Small and Disadvantaged Business Utilization, Commercial Market Representatives and Business Opportunity Specialist programs.

H.R. 4326 was included in H.R. 4341. On January 13, 2016, the Committee met in open session and ordered H.R. 4341, as amended, reported favorably to the House by voice vote. H.R. 4326 was also considered on the House Floor under suspension of the Rules on April 19, 2016 and passed by voice vote.

H.R. 4326 was subsequently incorporated into Section 1813 of Title XVIII of H.R. 4909, the National Defense Authorization Act (NDAA) for Fiscal Year (FY) 2017, which passed the House on May 18, 2016 by a vote of 277–147 (Roll Call No. 216). S. 2943 passed the Senate on June 14, 2016 by a vote of 85–13 (Roll Call No. 98).

A provision that was substantially similar to H.R. 4326 was included as Section 1812 in the conference report for S. 2943, the FY 2017 NDAA, which was agreed to by the House on December 2, 2016 by a vote of 375–34 (Roll Call No. 600). The conference report was then agreed to by the Senate on December 8, 2016 by a vote

of 92–7. On December XX, 2016, it was signed by the President and became Pub. L. No. 114–XX.¹²

TRANSPARENCY IN SMALL BUSINESS GOALING ACT OF 2016

(H.R. 4329)

Summary

H.R. 4329 amends the Small Business Act to modify determinations of the total value of contract awards.

Legislative History

H.R. 4329 was introduced by Representative Judy Chu on January 6, 2016. On March 17, 2015, the Subcommittee on Contracting and Workforce held a hearing titled “Contracting and the Industrial Base II: Bundling, Goaling and the Office of Hearings and Appeals.” At the hearing, Subcommittee Members examined annual small business goals, SBA’s goaling scorecard methodology and the discrepancies between the two. The Subcommittee also examined whether SBA’s goals are inadvertently creating incentives to consolidate contracts, apply the wrong size standard to contracts, and ignore subcontracting opportunities for small businesses. Robert Burton, a partner with the Venable law firm in Washington, DC, expressed concern that although SBA concluded that for fiscal year 2013 the federal government deserved an “A,” meaning that the government met or exceeded between 100 percent and 119 percent of its goals (the actual percentage was 100.60%), it did not meet two of its prime contracting goals, specifically Women-Owned Small Businesses and Historically Underutilized Business Zones. Alan Chvotkin, Executive Vice President and Counsel with the Professional Services Council in Washington, DC, argued that in the goal setting process, SBA and the agencies must evaluate not only top-line small business goals, but also analyze and comment on changes in the agency’s business base and addressable market.

H.R. 4329 was incorporated into H.R. 4341. On January 13, 2016, the Committee met in open session and ordered H.R. 4341, as amended, reported favorably to the House by voice vote. H.R. 4329 was subsequently included in Section 1803 of Title XVIII of H.R. 4909, the National Defense Authorization Act (NDAA) for Fiscal Year (FY) 2017, which passed the House on May 18, 2016 by a vote of 277–147 (Roll Call No. 216).

A provision aimed at addressing the concerns of H.R. 4329 was included as Section 1802 in the conference report for S. 2943, the FY 2017 NDAA, which was agreed to by the House on December 2, 2016 by a vote of 375–34 (Roll Call No. 600). The conference report was then agreed to by the Senate on December 8, 2016 by a vote of 92–7. On December XX, 2016, it was signed by the President and became Pub. L. No. 114–XX.¹³

¹² H.R. 4326 was included in S. 2936. At the time of this report’s filing on December 20, 2016, S. 2936 had been presented to the President for his signature but had not yet been signed.

¹³ H.R. 4329 was included in S. 2936. At the time of this report’s filing on December 20, 2016, S. 2936 had been presented to the President for his signature but had not yet been signed.

IMPROVING CONTRACT PROCUREMENT FOR SMALL BUSINESSES
THROUGH MORE ACCURATE REPORTING ACT OF 2016

(H.R. 4330)

Summary

H.R. 4339 amends the Small Business Act to require the Small Business Administration to report to the President and Congress an analysis of the number and dollar amount of prime contracts awarded by the federal agencies each fiscal year, including those owned and controlled by service-disabled veterans, located in qualified HUBZones, owned and controlled by socially and economically disadvantaged individuals, owned by an Indian tribe, an Alaska Native Corporation or a Native Hawaiian Organization, or owned and controlled by women.

Legislative History

H.R. 4330 was introduced by Representative Yvette Clarke on January 6, 2016. On November 4, 2015 the Committee on Small Business Subcommittee on Contracting and Workforce and the Committee on Veterans' Affairs Subcommittee on Investigations and Oversight held a hearing titled "An Examination of Continued Changes in VA's Vets First Verification Process," which discussed contracting programs for service-disabled veteran-owned small businesses. On June 23, 2015, the Committee on Small Business Subcommittee on Investigations, Oversight and Regulations held a joint hearing with the Committee on Veterans' Affairs Subcommittee on Oversight and Investigations titled "Manipulation and Fraud in Reporting VA Small Business Goals," which examined the role of the Office of Small and Disadvantaged Business Utilization and the use of federal government agency purchase cards.

H.R. 4330 was incorporated into H.R. 4341. On January 13, 2016, the Committee met in open session and ordered H.R. 4341, as amended, reported favorably to the House by voice vote. H.R. 4330 was subsequently included in Section 1802 of Title XVIII of H.R. 4909, the National Defense Authorization Act (NDAA) for Fiscal Year (FY) 2017, which passed the House on May 18, 2016 by a vote of 277–147 (Roll Call No. 216). The House provision was not included in the conference report for S. 2943, the FY 2017 NDAA. No further action was taken on H.R. 4330.

SMALL BUSINESS EASY CONTRACT COMPLIANCE ENHANCEMENT AND
LIST ACT OF 2016

(H.R. 4331)

Summary

H.R. 4331 amends the Small Business Act and the National Defense Authorization Act for Fiscal Year 1991 to ensure small businesses receive assistance navigating federal contracting regulations.

Legislative History

H.R. 4331 was introduced by Representative Crescent Hardy on January 6, 2016 and referred to the Committee on Small Business and the Committee on Armed Services. H.R. 4331 was incorporated into H.R. 4341. On January 13, 2016, the Committee on Small Business met in open session and ordered H.R. 4341, as amended, reported favorably to the House by voice vote. H.R. 4331 was subsequently included in Section 1814 of Title XVIII of H.R. 4909, the National Defense Authorization Act (NDAA) for Fiscal Year (FY) 2017, which passed the House on May 18, 2016 by a vote of 277–147 (Roll Call No. 216).

H.R. 4284 was included as Section 1813 in the conference report for S. 2943, the FY 2017 NDAA, which was agreed to by the House on December 2, 2016 by a vote of 375–34 (Roll Call No. 600). The conference report was then agreed to by the Senate on December 8, 2016 by a vote of 92–7. On December XX, 2016, it was signed by the President and became Pub. L. No. 114–XX.¹⁴

MAXIMIZING SMALL BUSINESS COMPETITION ACT OF 2016

(H.R. 4332)

Summary

H.R. 4332 amends the Small Business Act to clarify the duties of Procurement Center Representatives (PCRs) with respect to reviewing solicitations for a contract or task order contract.

Legislative History

H.R. 4322 was introduced by Representative Trent Kelly on January 6, 2016. The Subcommittee on Contracting and Workforce held a hearing on December 9, 2015 titled “Supporting Success: Empowering Small Business Advocates.” At the hearing, witnesses said that while some progress has been made for small business advocates to better advise and assist small businesses, there is a need to modernize and reform federal rules for PCRs, Offices of Small and Disadvantaged Business Utilization, Business Opportunity Specialists, and Commercial Mark Representatives. On March 17, 2015, the Subcommittee on Contracting and Workforce held a hearing titled “Contracting and the Industrial Base II: Bundling, Goaling and the Office of Hearings and Appeals.” At the hearing, witnesses stressed the need to modernize and reform federal laws for small business advocates so they can better advise and assist small companies who do business with the federal government. Stakeholders told the Subcommittee that while more competition from small business contractors drives down prices and saves taxpayers money, more small businesses are being forced out of the process altogether. While data shows contract dollar amounts have increased, so too have the size of those contracts, which necessarily limits the number of small firms that can participate. Witnesses also raised concerns about the SNA’s analysis of small business participation in federal procurements.

¹⁴H.R. 4331 was included in S. 2936. At the time of this report’s filing on December 20, 2016, S. 2936 had been presented to the President for his signature but had not yet been signed.

H.R. 4332 was subsequently incorporated into H.R. 4341. On January 13, 2016, the Committee met in open session and ordered H.R. 4341, as amended, reported favorably to the House by voice vote. H.R. 4332 was also considered on the House Floor under suspension of the Rules on April 19, 2016 and passed by voice vote. H.R. 4332 was subsequently included in Section 1811 of Title XVIII of H.R. 4909, the National Defense Authorization Act (NDAA) for Fiscal Year (FY) 2017, which passed the House on May 18, 2016 by a vote of 277–147 (Roll Call No. 216).

H.R. 4332 was included as Section 1811 in the conference report for S. 2943, the FY 2017 NDAA, which passed the House on December 2, 2016 by a vote of 375–34 (Roll Call No. 600). The conference report was then passed by the Senate on December 8, 2016 by a vote of 92–7. On December XX, 2016, it was signed by the President and became Pub. L. No. 114–XX.¹⁵

EDUCATION FOR CONTRACTING PERSONNEL IMPROVEMENT ACT OF 2016

(H.R. 4337)

Summary

H.R. 4337 amends the Small Business Act to require the Administrator of the Small Business Administration to provide information on regulatory changes and regulatory compliance training materials to certain entities.

Legislative History

H.R. 4337 was introduced by Representative Grace Meng on January 6, 2016. On December 9, 2015, the Subcommittee on Contracting and Workforce examined compliance and enforcement in a hearing titled “Supporting Success: Empowering Small Business Advocates.” At the hearing, witnesses pointed out the lack of federal compliance guidance available to small business contractors and the fact that there is an insufficient number of SBA Procurement Center Representatives. The Subcommittee also considered ways to connect small businesses with private sector resources. In addition, witnesses noted that Commercial Market Representatives lack clear, up-to-date job descriptions, and Subcommittee Members discussed whether direction in statute might help ensure that those advocates are better able to fulfill the spirit of the Small Business Act.

H.R. 4337 was incorporated into H.R. 4341. On January 13, 2016, the Committee met in open session and ordered H.R. 4341, as amended, reported favorably to the House by voice vote. H.R. 4337 was later included in Section 1861 of Title XVIII of H.R. 4909, the National Defense Authorization Act (NDAA) for Fiscal Year (FY) 2017, which passed the House on May 18, 2016 by a vote of 277–147 (Roll Call No. 216).

H.R. 4337 was included as Section 1814 in the conference report for S. 2943, the FY 2017 NDAA, which was agreed to by the House on December 2, 2016 by a vote of 375–34 (Roll Call No. 600). The conference report was then agreed to by the Senate on December

¹⁵ H.R. 4332 was included in S. 2936. At the time of this report’s filing on December 20, 2016, S. 2936 had been presented to the President for his signature but had not yet been signed.

8, 2016 by a vote of 92–7. On December XX, 2016, it was signed by the President and became Pub. L. No. 114–XX.¹⁶

IMPROVING SMALL BUSINESS ADVOCACY ACT OF 2016

(H.R. 4339)

Summary

H.R. 4339 would amend the Small Business Act to clarify the responsibilities of the Small Business Administration’s Business Opportunity Specialist program.

Legislative History

H.R. 4339 was introduced by Representative Maxine Waters on January 6, 2016. The Business Opportunity Specialist program was the subject of a hearing by the Subcommittee on Contracting and Workforce on December 9, 2015 titled “Supporting Success: Empowering Small Business Advocates.” H.R. 4339 was an amendment to H.R. 4341 which was adopted by voice vote in the markup on January 13, 2016. H.R. 4341, as amended, was reported favorably by the Committee.

H.R. 4341 was later included in H.R. 4909, the National Defense Authorization Act (NDAA) for Fiscal Year (FY) 2017, which passed the House on May 18, 2016 by a vote of 277–147 (Roll Call No. 216). H.R. 4339 was included as Section 1815 of Title XIII of H.R. 4909. S. 2943 passed the Senate on June 14, 2016 by a vote of 85–13 (Roll Call No. 98). The House provision was not included in the conference report to S. 2943, the NDAA for FY 2017. No further action was taken on H.R. 4339.

SMALL BUSINESS CONTRACTING AND ACQUISITION PROGRAMS EFFICIENCY ACT OF 2016

(H.R. 4340)

Summary

H.R. 4340 would require the Comptroller General of the United States to conduct a review of the Small Business Administration’s Office of Government Contracting and Business Development.

Legislative History

H.R. 4340 was introduced by Representative Amua Amata Coleman Radewagen on January 7, 2016. H.R. 4340 was incorporated into H.R. 4341. On January 13, 2016, the Committee met in open session and ordered H.R. 4341, as amended, reported favorably to the House by voice vote. H.R. 4337 was later included as directive report language in H.R. 4909, the National Defense Authorization Act for Fiscal Year 2017, which passed the House on May 18, 2016 by a vote of 277–147 (Roll Call No. 216).

¹⁶H.R. 4337 was included in S. 2936. At the time of this report’s filing on December 20, 2016, S. 2936 had been presented to the President for his signature but had not yet been signed.

DEFENDING AMERICA'S SMALL CONTRACTORS ACT OF 2016

(H.R. 4341)

Summary

H.R. 4341 amends the Small Business Act to expand and improve opportunities for America's small businesses to compete for federal contracts. The measure would modernize the Small Business Act and the SBA's reporting requirements to ensure that the language used is clear and consistent across federal procurement programs; strengthens small business advocates within SBA and other federal agencies so they can promote competition and compliance; improves opportunities for small businesses to compete for subcontracts, and then to capitalize on that experience to compete as prime contractors; improves coordination and data sharing between the SBA's government-wide mentor-protégé programs and the mentor-protégé program at the Department of Defense; and implements common sense reforms to ensure integrity in small business programs, such as the agricultural size standards, veterans contracting programs, SBA operations and contracting officer training programs.

Legislative History

H.R. 4341 was introduced by Chairman Steve Chabot on January 7, 2016. The Committee held thirteen hearings that examined issues covered by H.R. 4341. On February 12, 2015, the Full Committee held a hearing titled "Contracting and the Industrial Base," that examined surety bond issues. On March 7, 2015, the Subcommittee on Contracting and Workforce held a hearing titled "Contracting and the Industrial Base II: Bundling, Goaling and the Office of Hearings and Appeals," that considered the issues of subcontracting and the role of Procurement Center Representatives. On March 19, 2015, the Subcommittee on Contracting and Workforce held a hearing titled "Contracting and the Industrial Base III: Reverse Auctions, Verification and the SBA's Role in Rulemaking" that looked at the Service-Disabled Veteran-Owned Small Business verification process and the Office of Government Contracting and Business Development organizational issues. On June 4, 2015, the Subcommittee on Contracting and Workforce held a hearing titled "Sizing up Small Businesses: SBA's Failure to Implement Congressional Direction," which looked at size standards and Office of Government Contracting and Business Development organizational issues.

On June 23, 2015, the Small Business Subcommittee on Investigations, Oversight and Regulations held a joint hearing with House Veterans' Affairs Subcommittee on Oversight and Investigations titled "Manipulation and Fraud in Reporting VA Small Business Goals," that examined the role of the Office of Small and Disadvantaged Business Utilization and the use of purchase cards. On October 27, 2015, the Subcommittee on Contracting and Workforce held a hearing titled "Maximizing Mentoring: How are the SBA and DoD Mentor-Protégé Programs Serving Small Businesses?" that examined the Department of Defense and SBA mentor-protégé programs. On November 4, 2015, the Subcommittee on Contracting

and Workforce and the House Veterans' Affairs Subcommittee on Investigations and Oversight held a hearing titled "An Examination of Continued Challenges in VA's Vets First Verification Process," which explored the VA and SBA verification programs for service-disabled veteran-owned small business contractors.

On November 18, 2015, the Subcommittee on Contracting and Workforce held a hearing titled "Continuing Challenges for Small Contractors," which examined subcontracting issues and goaling and transparency challenges. The Subcommittee on Agriculture, Energy and Trade held a hearing on size standards for agricultural producers on November 19, 2015 titled "Improving Size Standards for Farmers and Ranchers." The Procurement Center Representative, Office of Small and Disadvantaged Business Utilization, Commercial Market Representative and Business Opportunity Specialist programs were the subject of a hearing on December 9, 2015 titled, "Supporting Success: Empowering Small Business Advocates." On February 3, 2016, the Subcommittee on Contracting and Workforce held a hearing titled "SBA Management Review: Office of Government Contracts and Business Development" that looked at the management of that office. On February 25, 2016, the Subcommittee on Contracting and Workforce looked at compliance with subcontracting goals in a hearing titled "Hotline Truths: Issues Raised by Recent Audits of Defense Contracting." Finally, on April 5, 2016, the Subcommittee on Contracting and Workforce held a hearing titled "Challenges for Small Defense Contractors," which examined compliance challenges and other issues.

H.R. 4341 included H.R. 3714, H.R. 4317, H.R. 4198, H.R. 4340, H.R. 4322, H.R. 4331, H.R. 4332, H.R. 4284, H.R. 4325, H.R. 4337, H.R. 4329, H.R. 4326, H.R. 4330 and H.R. 3945. On January 13, 2016, the Committee met in open session. During the markup, H.R. 4339 was incorporated into H.R. 4341 as an amendment which was adopted by voice vote. The Committee ordered H.R. 4341, as amended, reported favorably to the House by voice vote. No further action was taken on H.R. 4341. The legislation in H.R. 4341 was subsequently incorporated into Title XVIII of H.R. 4909, the National Defense Authorization Act (NDAA) for Fiscal Year (FY) 2017, which passed the House on May 18, 2016 (Roll Call No. 216) by a vote of 277–147.

Most of the provisions in H.R. 4341 were included in Title XVIII of the conference report for S. 2943, the FY 2017 NDAA, which was agreed to by the House on December 2, 2016 by a vote of 375–34 (Roll Call No. 600). The conference report was then agreed to by the Senate on December 8, 2016 by a vote of 92–7. On December XX, 2016, it was signed by the President and became Pub. L. No. 114–XX.¹⁷

¹⁷ Certain legislation contained in H.R. 4341 was included in S. 2936. At the time of this report's filing on December 20, 2016, S. 2936 had been presented to the President for his signature but had not yet been signed.

HELPING ANGELS LEAD OUR STARTUPS ACT

(H.R. 4498)

Summary

H.R. 4498 clarifies one of the intentions of the 2012 Jumpstart Our Business Startups (JOBS) Act by allowing angel investor groups established by organizations such as local governments, non-profits and universities hold events designed to let entrepreneurs showcase their work and connect with potential investors. A Securities and Exchange Commission regulation promulgated pursuant to the JOBS Act had created an unintended consequence by classifying events held by Angel Investors as general solicitations and subject to an accreditation process.

Legislative History

H.R. 4498 was introduced by Chairman Steve Chabot on February 9, 2016. On April 14, 2016, the Committee on Financial Services' Subcommittee on Capital Markets and Government Sponsored Enterprises held a hearing titled "The JOBS Act at Four: Examining its Impact and Proposals to Further Enhance Capital Formation," which looked at the effects of JOBS Act regulations on angel investors. On March 2, 2016, the Committee on Financial Services met in open session and ordered H.R. 4498 reported to the House by a vote of 44–13. On April 27, 2016, H.R. 4498 passed the House by a vote of 325–89 (Roll Call No. 171). No further action was taken on this legislation.

COMMERCIALIZING ON SMALL BUSINESS INNOVATION ACT OF 2016

(H.R. 4783)

Summary

H.R. 4783 reauthorizes the Small Business Innovation and Research (SBIR) program and the Small Business Technology Transfer (STTR) program for five years beyond the current September 30, 2017 expiration date. The bill allows small firms to compete for more contracts and grants, up to 4.5 percent rather than the current 3 percent of participating federal agency extramural research budgets.

Legislative History

H.R. 4783 was introduced by Chairman Steve Chabot on March 17, 2016. On March 2, 2016, the Committee held a hearing on the SBIR and STTR programs titled "Commercializing on Innovation: Reauthorizing the Small Business Innovation Research and Small Business Technology Transfer Programs." On March 8, 2016, the Subcommittee on Contracting and Workforce held a field hearing in Lynn, Massachusetts on the programs titled "Commercializing on Innovation: Reauthorizing the Small Business Innovation Research and Small Business Technology Transfer Programs Part II." On March 23, 2016, the Committee met in open session and ordered H.R. 4783 reported as amended by voice vote.

A provision to reauthorize the SBIR and STTR programs for five years was included in Section 1834 of the conference report for S.

2943, the Fiscal Year 2017 National Defense Authorization Act, which was agreed to by the House on December 2, 2016 by a vote of 375–34 (Roll Call No. 600). The conference report was then agreed to by the Senate on December 8, 2016 by a vote of 92–7. On December XX, 2016, it was signed by the President and became Pub. L. No. 114–XX.¹⁸

SCORE FOR SMALL BUSINESS ACT OF 2016

(H.R. 4788)

Summary

H.R. 4788 would reauthorize the SCORE program for Fiscal Years 2017–2018, modify the program requirements with respect to program volunteers, program plans, goals and reporting, and outline privacy requirements pertaining to the disclosure of businesses participating in the program.

Legislative History

H.R. 4788 was introduced on March 17, 2016 by Representative Alma Adams. The Subcommittee on Economic Growth, Tax and Capital Access held a hearing on February 2, 2016 on the Small Business Administration’s entrepreneurial development programs titled “SBA Management Programs: Oversight of SBA’s Entrepreneurial Development Offices.” On March 23, 2016, the Committee reported, as amended, H.R. 207, Developing the Next Generation of Small Businesses Act of 2016, which reauthorized the SCORE program for Fiscal Years 2016–2017. Title III of H.R. 207 was based on H.R. 4788. H.R. 4788 was subsequently included in Section 1851 and 1852 of Title XVIII of H.R. 4909, the National Defense Authorization Act (NDAA) for Fiscal Year (FY) 2017, which passed the House on May 18, 2016 by a vote of 277–147 (Roll Call No. 216). These provisions were not included in S. 2943, the NDAA for FY 2017. No further action was taken on H.R. 4788.

CELEBRATING NATIONAL SMALL BUSINESS WEEK

(H. RES. 702)

Summary

H. Res. 702 celebrates the contributions of small businesses and entrepreneurs in every community in the United States during “National Small Business Week,” beginning on May 1 through May 7, 2016.

Legislative History

H. Res. 702 was introduced by Chairman Steve Chabot on April 26, 2016 and referred to the Committee on Small Business. No further action was taken on this legislation in the House.

¹⁸H.R. 4783 was included in S. 2936. At the time of this report’s filing on December 20, 2016, S. 2936 had been presented to the President for his signature but had not yet been signed.

IMPROVING SMALL BUSINESS CYBER SECURITY ACT OF 2016

(H.R. 5064)

Summary

H.R. 5064 allows the Small Business Administration's Small Business Development Centers program to advise small businesses on cyber security issues.

Legislative History

H.R. 5064 was introduced on April 26, 2016 by Representative Richard Hanna. The bill was reported, as amended, by the Committee on Homeland Security on July 1, 2016. H.R. 5064 was subsequently included in H.R. 4909, the National Defense Authorization Act (NDAA) for Fiscal Year (FY) 2017, which passed the House on May 18, 2016 by a vote of 277–147 (Roll Call No. 216). On September 21, 2016, H.R. 5064 was also considered on the House floor under suspension of the Rules and passed by voice vote.

Most of the provisions of H.R. 5064 were included in Sections 1841–1844 of the conference report for S. 2943, the FY 2017 NDAA, which was agreed to by the House on December 2, 2016 by a vote of 375–34 (Roll Call No. 600). The conference report was then agreed to by the Senate on December 8, 2016 by a vote of 92–7. On December XX, 2016, it was signed by the President and became Pub. L. No. 114–XX.¹⁹

PUERTO RICO OVERSIGHT, MANAGEMENT, AND ECONOMIC STABILITY
ACT

(H.R. 5278)

Summary

H.R. 5278 is legislation that institutes fiscal and economic reforms to address the fiscal crisis in Puerto Rico.

Legislative History

H.R. 5278 was introduced on May 18, 2016 by Representative Sean Duffy. The bill was referred to the Committees on Natural Resources, Judiciary, Education and Workforce, and Small Business. On May 25, 2016, the Committee on Small Business waived jurisdiction to H.R. 5278 by exchange of letters with the Committee on Natural Resources to expedite consideration of the legislation on the House floor. On June 9, 2016, H.R. 5278 passed the House by a vote of 291–127 (Roll Call No. 288). S. 2328, which was identical to H.R. 5278, passed the Senate by a vote of 68–30 on June 29, 2016. S. 2328 was signed by the President on June 30, 2016 and became Pub. L. No. 114–187.

¹⁹H.R. 5064 was included in S. 2936. At the time of this report's filing on December 20, 2016, S. 2936 had been presented to the President for his signature but had not yet been signed.

RECOGNIZING A SMALL BUSINESS SATURDAY

(H. RES. 886)

Summary

H. Res. 886 recognizes November 26, 2016 as “Small Business Saturday” and supports efforts to increase awareness of the value of locally owned small businesses.

Legislative History

H. Res. 886 was introduced on September 22, 2016 by Chairman Steve Chabot and referred to the Committee on Small Business. No action was taken on this legislation.

OVERSIGHT SUMMARY

Clause 1(d) of rule XI of the Rules of the House of Representatives for the 114th Congress requires that each standing Committee, not later than January 2 of each odd-numbered year, shall submit to the House a report on the activities of that committee, including a separate section summarizing the oversight activities of that committee. The report shall also include a delineation of any hearings held pursuant to clauses 2(n), (o), or (p) of rule XI, related to waste, fraud, and abuse in government programs.

Part A of this section describes the hearings held in full Committee. Part B of this section describes the hearings held in the subcommittees. Part C of this section addresses the hearings that relate to clauses 2(n), (o), or (p) of rule XI. Part D of this section reproduces the Committee's oversight plan and the actions taken related to that plan, including the actions required by clause 1(d)(2)(C)-(D) of rule XI.

PART A

FULL COMMITTEE HEARINGS

HEARING: "CONTRACTING AND THE INDUSTRIAL BASE"

On February 12, 2015, the Committee on Small Business met in Room 2360 of the Rayburn House Office Building for a hearing titled "Contracting and the Industrial Base." The hearing was the first of three hearings that examined the utilization of small businesses to support the industrial base. This hearing focused on: (1) surety bond issues; (2) the use of reverse auctions; (3) failure to properly use a two-step procurement process for design build contracts; (4) the use of joint ventures and teams; and (5) the non-manufacturer rule.

The witnesses for the hearing were: Mr. Randall D. Gibson, President, Whitesell-Green, Inc., Pensacola, FL, on behalf of the Associated General Contractors of America; Mr. James P. Hoffman, PE, President, Summer Consultants Inc., McLean, VA, on behalf of the American Council of Engineering Companies; Mr. John McNerney, General Counsel, Mechanical Contractors Association of America, Rockville, MD; and Mr. Andrew Hunter, Director, Defense-Industrial Group and Senior Fellow, Center for Strategic and International Studies, Washington, DC.

Mr. Gibson focused on the construction industry's participation in the federal marketplace. He testified that reverse auctions do not provide the savings that the promoters of the process believe they make. He voiced concerns about the illusory assets used to back surety bonds, and urged Congress to adopt legislation to prevent fraud in the individual surety market. Mr. Hoffman asked for the

restriction of reverse auctions through Rep. Richard Hanna's (R-NY) legislation, H.R. 2751. In addition, he said that the current joint venture framework only looks to past performance, and inhibits new joint ventures from participating in the federal marketplace. Mr. McNerney also expressed support for surety bond reform. He praised the Committee's efforts to limit the use of the non-manufacturer rule in construction services contracts. Mr. Hunter noted sequestration's effect on defense procurement. Specifically, he said that because of the fragile nature of small businesses, they are even more sensitive to the changes in the federal marketplace caused by sequestration. He stated that since 2009, research and development contract obligations have decreased by 39 percent.

HEARING: "THE SBA BUDGET FOR FY 2016: DOES IT MEET THE NEEDS OF AMERICA'S SMALL BUSINESSES?"

On February 25, 2015, the Committee on Small Business met in Room 2360 of the Rayburn House Office Building for a hearing titled "The SBA Budget for FY 2016: Does It Meet the Needs of America's Small Businesses?" The hearing examined the Small Business Administration budget for Fiscal Year 2016.

The sole witness at the hearing was the Hon. Maria Contreras-Sweet, Administrator, Small Business Administration, Washington, DC.

The Administrator noted that the budget request was significantly lower for FY 2016 due to the absence of subsidies for any of the SBA's major lending programs and thus did not represent any reduction in services to small business owners. She explained the efforts to expand outreach to small businesses through new initiatives created by the SBA. Finally, the Administrator promised to continue efforts at modernizing the SBA and asserted that the budget request would be sufficient to implement her reforms.

HEARING: "BUILDING AN OPPORTUNITY ECONOMY: THE STATE OF SMALL BUSINESS AND ENTREPRENEURSHIP"

On March 4, 2015, the Committee on Small Business met in Room 2360 of the Rayburn House Office Building for a hearing titled "Building an Opportunity Economy: The State of Small Business and Entrepreneurship." The purpose of the hearing was to receive testimony on the health and vibrancy of the American economy, particularly as it pertains to the creation, sustainability, and future growth of small businesses. The hearing set the stage for future discussion within the Committee in an effort to narrow the focus to the most pertinent obstacles hindering growth, and to tackle the most egregious impediments to business formation, job creation, and economic growth, all of which contribute to lifting up American families.

The witnesses for the hearing were: Jon Clifton, Esq., Partner and Managing Director, Government Division, Gallup, Inc., Washington, DC; Ms. Cynthia Kay, Owner and President, Cynthia Kay and Company, Grand Rapids, MI, testifying on behalf of the National Small Business Association; David Burton, Esq., Senior Fellow in Economic Policy, The Heritage Foundation, Washington, DC; and Ms. Elana Fine, Managing Director, Dingman Center for En-

trepreneurship, Robert H. Smith School of Business, University of Maryland, College Park, MD.

Mr. Clifton began the hearing by testifying that creating good jobs, and the subsequent rebuilding of the United States' middle class, hinges on the success and failure of small businesses and startups. Existing small businesses are experiencing headwinds caused primarily by challenging business realities, the overall economy, and a concern about government regulations. Dr. Burton's written testimony outlined 97 separate legislative actions Congress could take that would improve the economy and help small firms expand. His oral testimony focused mainly on the hurdles faced by small firms found in poor tax policy, inadequate access to capital, and burdensome federal regulations. Ms. Kay outlined specific tax uncertainties, regulatory burdens, and cybersecurity concerns that have hindered her small company's growth. Ms. Fine stressed the importance of teaching entrepreneurship to younger Americans in an effort to help them better prepare for the realities of the American economy.

HEARING: "TANGLED IN RED TAPE: NEW CHALLENGES FOR SMALL MANUFACTURERS"

On March 18, 2015, the Committee on Small Business met in Room 2360 of the Rayburn House Office Building for a hearing titled "Tangled in Red Tape: New Challenges for Small Manufacturers." The hearing examined the effects of federal regulations on small manufacturers and agency compliance with the Regulatory Flexibility Act.

Small manufacturers are affected directly and indirectly by a variety of regulatory requirements from a number of agencies. According to a 2014 survey, 88 percent of manufacturers identified federal government regulations as a recent and future challenge.

Witnesses on the only panel were: Ms. Cynthia Reichard, Executive Vice President, Arylessence, Marietta, GA, on behalf of the International Fragrance Association of North America; Ms. Janis Herschkowitz, President & CEO, PRL Inc., Cornwall, PA, on behalf of the American Foundry Society; Viktor Anderson, P.E., Director of Engineering, Structural Concepts, Muskegon, MI, on behalf of the Air-Conditioning, Heating and Refrigeration Institute; and James Goodwin, Esq., Senior Policy Analyst, Center for Progressive Reform, Washington, DC.

At the hearing, a panel of private sector witnesses discussed challenges small manufacturers were facing with several rules in the development and implementation stages. Ms. Reichard explained how the Occupational Safety and Health Administration (OSHA) hazard communication standard has been costly and difficult to implement because it deviated from other countries' regulatory standards even though the purpose of the rule was to conform to a globally harmonized system of classifying and labeling chemicals. For example, unlike Canada and the European Union, OSHA did not provide any exemption for small bottles from the labeling requirements. Ms. Herschkowitz discussed how OSHA's proposed rule to amend its standard for occupational exposure to respirable crystalline silica could create serious safety problems in a foundry by prohibiting certain work practices like dry sweeping in

favor of wet vacuuming, which could lead to an explosion. She also noted that OSHA had relied on an outdated Small Business Regulatory Enforcement Fairness panel. Mr. Anderson explained how difficult it will be for small manufacturers to comply with the Department of Energy's recently finalized energy conservation standard for commercial refrigeration equipment and the Environmental Protection Agency's proposed rule to phase out ozone depleting chemicals, including refrigerants, because they operate at cross-purposes to one another. Finally, Mr. Goodwin stated that regulations were essential for safeguarding the public and provide benefits to small businesses.

HEARING: "TAX REFORM: ENSURING THAT MAIN STREET ISN'T LEFT BEHIND"

On April 15, 2015, the Committee on Small Business met in Room 2360 of the Rayburn House Office Building for a hearing titled "Tax Reform: Ensuring that Main Street Isn't Left Behind." The hearing focused on the need for and the potential economic benefits of comprehensive tax reform, with a particular focus on how changes to the tax code will enable small enterprises to create jobs and build the economy.

The witnesses for the hearing were: Mr. Scott Lipps, Owner, Sleep Tite Mattress Factory, Franklin, OH, on behalf of the National Federation of Independent Business; Mr. Pete Sepp, President, National Taxpayers Union, Alexandria, VA; Mr. Dan McGregor, Chairman of the Board, McGregor Metalworking Companies, Springfield, OH, on behalf of the S-Corporation Association of America; and Eric Toder, Ph.D., Institute Fellow and Co-director, Tax Policy, Urban Institute, Washington, DC.

Mr. Lipps began the hearing by testifying that small business owners work in the community, hire in the community, and live in the community. He stated that in order for him to serve his employees and his community, we must have lower tax rates, fewer regulations, and a less confusing and complex tax code. Mr. Sepp detailed wide-ranging research from various sources around the country that the level of taxation, along with its complexity, is a drain on the American economy. He urged Congress to consider the impact of tax laws and their administration on the entrepreneurial spirit of the small business owner. Mr. McGregor expressed the need for Congress to not only consider corporate tax reform, but also the need to reform the individual tax regime as well. He testified that because the vast majority of small businesses are organized as pass through entities (where business profits are passed through to the owners who pay the required tax on their individual returns), a corporate only approach would put these small firms at a disadvantage to those organized in other ways. Dr. Toder outlined the macroeconomic effects of a complex and confusing tax code.

HEARING: "SMALL BUSINESS, BIG THREAT: PROTECTING SMALL BUSINESSES FROM CYBER ATTACKS"

On April 22, 2015, the Committee on Small Business met in Room 2360 of the Rayburn House Office Building for a hearing titled "Small Business, Big Threat: Protecting Small Businesses from

Cyber Attacks.” The hearing examined the current state of cyber security for small firms and steps that can strengthen their efforts in information protection.

Information technology is a key conduit for modern commerce exchanges among small businesses. However, small businesses have seen an alarming rise in the number of cyber attacks, which has the potential for a devastating impact on both businesses and consumers. According to a recent study, nearly half of small businesses have been victims of a cyber attack. Startlingly, the cost of a cyber attack on small businesses has more than doubled in the last year.

Witnesses on the panel were: Mr. Steve Grobman, Intel Fellow, Intel Security Group, Intel Corporation, Santa Clara, CA; Mr. Todd McCracken, President, National Small Business Association, Washington, DC; Mr. B. Dan Berger, President and Chief Executive Officer, National Association of Federal Credit Unions, Arlington, VA; and Jane LeClair, Ph.D., Chief Operating Officer, National Cybersecurity Institute, Excelsior College, Washington, DC.

At the hearing, the panel of witnesses discussed the potential cyber threats against small businesses and the best practices for small business in utilizing new technology for better protection against security threats. They provided detailed analysis of new and developing technologies available to small businesses and the complexity of cyber attacks. Mr. Grobman provided an overview of the threat landscape and its implications for small business, as well as the private sector’s role in providing technology solutions to small business. Mr. McCracken explained the financial impact that cyber attacks have on small business and the increasing frequency of these attacks. Mr. Berger stressed the importance of protecting consumer data, while also suggesting reasonable and equitable ways of addressing the need for reducing the costs of breaches from fraudulent credit card use. Finally, Dr. LeClair noted small businesses’ need for an affordable cyber security option that provides a targeted plan and basic training for owners.

HEARING: “BRIDGING THE SMALL BUSINESS CAPITAL GAP: PEER-TO-PEER LENDING”

On May 13, 2015, the Committee on Small Business met in Room 2360 of the Rayburn House Office Building for a hearing titled “Bridging the Small Business Capital Gap: Peer-to-Peer Lending,” which examined the rise of peer-to-peer (P2P) lending platforms. These platforms are designed to utilize telecommunications technologies to offer loans not being made by banks and other conventional lenders.

The witnesses were: Rajkamal Iyer, Ph.D., Associate Professor, Sloan School of Management, MIT, Cambridge, MA; Mr. Sam Hodges, Co-Founder and Managing Director, Funding Circle, San Francisco, CA; Mr. Zachary Green, CEO, MN8 Foxfire, Cincinnati, OH; and Mr. Peter Renton, Publisher, Lend Academy, Denver, CO.

The witnesses provided testimony on how reductions in conventional avenues for borrowing have been filled by P2P lenders and how this greatly increases access to capital for small businesses. Professor Iyer testified that soft information (anything outside a credit score and tax return) is allowing unsophisticated investors to

predict default rates more accurately than in conventional loans. Mr. Hodges noted that the regulatory and legal complexities of operating a P2P platform in the United States and indicated that Congress might want to consider the United Kingdom's model to foster more P2P lenders to operate here and infuse small firms with debt-capital. Mr. Green stated that without receiving a P2P loan he would have been unable to continue to operate his business and that P2P lenders are a faster and safe alternative for access to capital. Mr. Renton discussed the evolution of P2P lending and noted that little fraud was occurring in the market and that continued growth would be beneficial for small firms.

HEARING: "ACROSS TOWN, ACROSS OCEANS: EXPANDING THE ROLE OF
SMALL BUSINESS IN GLOBAL COMMERCE"

On May 20, 2015, the Committee on Small Business met in Room 2360 of the Rayburn House Office Building for a hearing titled "Across Town, Across Oceans: Expanding the Role of Small Business in Global Commerce." The hearing examined the vital ongoing trade negotiations, the Trade Priorities and Accountability Act of 2015 (TPA), and the impact of United States trade policy on small businesses.

Engagement in international trade is a cornerstone of a strong and expanding 21st century economy. Currently, the United States is involved in negotiations on some of the most comprehensive trade agreements in history. The successful completion of these agreements will strengthen U.S. economic growth, add American jobs, and increase U.S. exports to countries around the world.

Witnesses on the panel were: Mr. Brian Bieron, Executive Director, eBay Global Public Policy Lab, Washington, DC; Mr. Dyke Messinger, President, Power Curbers, Inc., Salisbury, NC; Mr. Michael Stanek, Vice President and Chief Financial Officer, Hunt Imaging, LLC, Berea, OH; and Timothy Brightbill, Esq., Partner, Wiley Rein, LLP, Washington, DC.

At the hearing, the witnesses discussed United States trade policy and its implications for small businesses. They offered firsthand accounts of the hurdles small businesses face when engaging in global commerce, and the importance of strengthening trading partnerships to provide small business growth. Mr. Bieron provided an in-depth analysis explaining the successes of small businesses that utilize supply chain operations of large multi-national companies, as well as observed how the global trading system is rapidly changing to allow greater trade between small businesses. Mr. Messinger stressed that foreign markets are critical for small businesses. He also noted that the future growth of his business is heavily dependent upon opening new markets and leveling the playing field. Mr. Stanek discussed the challenges small businesses face when attempting to export and called for improved and streamlined assistance programs. Finally, Mr. Brightbill agreed that trade agreements are generally beneficial for small businesses but opined that there are significant shortcomings in the Trans-Pacific Partnership and TPA.

HEARING: "THE ROAD AHEAD: SMALL BUSINESSES AND THE NEED FOR
A LONG-TERM SURFACE TRANSPORTATION REAUTHORIZATION"

On June 3, 2015, the Committee on Small Business met in Room 2360 of the Rayburn House Office Building for a hearing titled "The Road Ahead: Small Businesses and the Need for a Long-Term Surface Transportation Reauthorization." The purpose of the hearing was to receive testimony on the role of small businesses in the development and use of the nation's infrastructure. The hearing focused on small firm participation in the surface transportation construction industry and examined how a robust and efficient national infrastructure assists small businesses in getting their goods and services to market.

The witnesses for the hearing were: Mr. William Schmitz, Vice President, Sales and Quality Control, Gernatt Asphalt Company, Collins, NY, on behalf of the National Stone, Sand, and Gravel Association; Mr. Don Shilling, President, General Equipment and Supplies, Fargo, ND, on behalf of the Associated Equipment Distributors; Mr. Matt Davis, Director, Build Our New Bridge Now Coalition, Cincinnati, OH; and Jonathan Gifford, Ph.D., Professor, School of Public Policy, George Mason University, Arlington, VA.

Mr. Schmitz stated that the absence of a long-term surface transportation reauthorization has led to uncertainty in his customer base causing him to withhold investment in plants and new machinery for the foreseeable future. He said it is increasingly difficult to do long range workforce planning due to uncertain demand. Mr. Shilling added that the detrimental impact of the uncertainty surrounding the Highway Trust Fund is not unique to his business and that as Congress delays addressing the country's infrastructure needs, the public is paying the price in lost productivity and vehicle repairs. Mr. Davis discussed the need for a new Brent Spence Bridge in downtown Cincinnati, Ohio to demonstrate the importance of long-term surface transportation reauthorization to local communities. He added that for small businesses to stay afloat, they need reliable roads, bridges, waterways, airports and railways to move employees and goods from place to place as safely as possible. Dr. Gifford also stressed the importance of long-range planning and execution of infrastructure projects and their significance to the overall economy.

HEARING: "CRUDE INTENTIONS: THE UNTOLD STORY OF THE BAN, THE
OIL INDUSTRY, AND AMERICA'S SMALL BUSINESSES"

On June 17, 2015, the Committee on Small Business met in Room 2360 of the Rayburn House Office Building for a hearing, titled "Crude Intentions: The Untold Story of the Ban; the Oil Industry; and American's Small Businesses," on the impact of lifting the ban on crude oil exports. Unconventional oil production in the United States is increasing at an unprecedented rate. This unanticipated supply of crude oil is having a significant impact on the prediction by many experts that the United States passed its peak for domestic oil and natural gas production. The rapid advancement in technological capabilities and new trends in the petroleum market have made it economical to produce significant quantities of oil and natural gas from unconventional fields. Additionally,

proven domestic reserves—and their production potential—establish the United States energy position as one of abundance.

The witnesses for the hearing were: Dr. Kenneth B. Medlock III, James A. Baker, III, and Susan G. Baker Fellow in Energy and Resource Economics, Senior Director, Center for Energy Studies, Rice University's Baker Institute for Public Policy, Houston, TX; Mr. Dale Leppo, Chairman, Leppo Group, Tallmadge, OH, on behalf of the Energy Equipment and Infrastructure Alliance; Mr. Rory McMinn, President and Managing Director, Read & Stevens, Inc., Roswell, NM; and Mr. Tyson Slocum, Energy Program Director, Public Citizen, Washington, DC.

Dr. Medlock referenced a recent report by the Center for Energy Studies. The study stated lifting the ban would raise United States crude oil prices back toward parity with prices for internationally traded crude oils of similar quality, increase upstream and midstream investment, and improve U.S. energy security. He also went on to say that with the ban in place, producers are faced with either shutting in some light oil production or discounting the price of their output to encourage refineries to reduce their runs of medium crude oils, instead running additional light oil. While many associate the oil industry with large business, Mr. Leppo's small family-owned business in Ohio rents and sells construction equipment to those who work in the Utica Shale bed. As Dr. Medlock explained, the drop in the price of oil led to rig closures, and Mr. Leppo's company had to put many of their growth initiatives on hold in 2015. Mr. McMinn's company is a small oil and gas production company in Roswell, New Mexico. He discussed how the oil ban hurt small businesses and also greatly diminishes state government revenue. Mr. Slocum testified that increased oil demand domestically needs domestic supply. He said removing the ban will increase gas prices and lifting the ban has non-existent or minimal foreign policy benefits.

HEARING: "THE CALM BEFORE THE STORM: OVERSIGHT OF SBA'S DISASTER LOAN PROGRAM"

On July 8, 2015, the Committee on Small Business met in Room 2360 of the Rayburn House Office Building for a hearing titled "The Calm Before the Storm: Oversight of SBA's Disaster Loan Program." The hearing examined challenges faced by the SBA in response to Hurricane "Superstorm" Sandy, including a discussion of a September 2014 report by the United States Government Accountability Office (GAO), as well as a discussion of the Small Business Administration's implementation of the Small Business Disaster Response and Loan Improvements Act of 2008.

The witness on the first panel was Representative Chris Smith (R-NJ). The witnesses on the second panel were: Mr. William B. Shear, Director, Financial Markets and Community Investment, United States Government Accountability Office, Washington, DC; and Mr. James Rivera, Associate Administrator, Office of Disaster Assistance, United States Small Business Administration, Washington, DC.

The witnesses provided testimony on the SBA's response to Hurricane Sandy as well as the GAO's report which found that the SBA was not prepared to cope with the aftermath of the disaster

despite improvements mandated within the 2008 Small Business Disaster Response and Loan Improvements Act. Rep. Smith highlighted his constituents' problematic experience with SBA's disaster loan programs after Hurricane Sandy. Mr. Shear noted the GAO's findings that SBA did not meet its timeliness goal in processing loan applications after Hurricane Sandy, that loan withdrawal and cancellation rates were higher with Sandy than other disasters, and that SBA failed to implement three guaranteed disaster loan programs required by law. Mr. Rivera recounted SBA's recent efforts to implement the GAO and SBA Office of Inspector General recommendations and improve the agency's Office of Disaster Assistance internal processes.

HEARING: "TAKING FLIGHT: SMALL BUSINESS UTILIZATION OF
UNMANNED AIRCRAFT"

On July 15, 2015, the Committee on Small Business met in Room 2360 of the Rayburn House Office Building for a hearing titled "Taking Flight: Small Business Utilization of Unmanned Aircraft." The hearing examined small business utilization of unmanned aircraft, commonly referred to as drones, for commercial activities.

Currently, commercial operations of unmanned aircraft are very limited; however, the Federal Aviation Administration (FAA) is working towards safely integrating them into the national airspace system. On a case-by-case basis, the FAA is authorizing low-risk commercial unmanned aircraft systems (UAS) operations. The FAA also has proposed a rule to permit small unmanned aircraft (those weighing 55 pounds or less) to operate for non-hobby, non-recreational purposes. Once the regulation is finalized, the FAA expects that small businesses will conduct the majority of commercial operations.

Witnesses on the only panel were: Mr. Brian Wynne, President and Chief Executive Officer, Association for Unmanned Vehicle Systems International, Arlington, VA; Mr. Mike Gilkey, Chief Executive Officer and Director of Flight Operations, 3D Aerial Solutions, LLC, Dayton, OH; Mr. Brian Streem, Chief Executive Officer and Cofounder, AeroCine, Brooklyn, NY; and Tim McLain, Ph.D., Professor of Mechanical Engineering and Director of the Center for Unmanned Aircraft Systems, Brigham Young University, Provo, UT.

At the hearing, the witnesses discussed the kinds of UAS operations that are being conducted, the FAA's current exemption process, and the effects the proposed rule could have on small business UAS operators. Mr. Wynne discussed how UAS allow businesses to execute dangerous and difficult tasks, such as inspecting pipelines and surveying bridges, safely and efficiently. Mr. Gilkey described the challenges that startup companies like 3D Aerial Solutions, which is conducting aerial imaging of crops, are facing. Mr. Streem noted that technological advances are outpacing the FAA's rule-making process and expressed concern that the FAA's rule does not account for the rapidly changing technological capabilities of UAS. Finally, Dr. McLain stated that to enable and accelerate the growth of the industry, and ensure small business participation, regulatory barriers to entry must be kept low.

HEARING: "HOW TAX COMPLIANCE OBLIGATIONS HINDER SMALL
BUSINESS GROWTH"

On July 22, 2015, the Committee on Small Business met in Room 2360 of the Rayburn House Office Building for a hearing titled "How Tax Compliance Obligations Hinder Small Business Growth." The hearing focused on the tax compliance problems facing small firms and examined the effectiveness of actions taken by the Internal Revenue Service (IRS) intended to reduce those costs.

The witnesses for the hearing were: Mr. Christopher Mihm, Managing Director, Strategic Issues, United States Government Accountability Office, Washington, DC; Donald Williamson, Esq., Executive Director, Kogod Tax Center, American University, Washington, D.C.; Troy Lewis, CPA, Vice President, Heritage Bank, Draper, UT, on behalf of the American Institute of Certified Public Accountants; Les Vitale, CPA, Partner, Local Markets Group, McGladrey, LLP, Boston, MA; and Stephen Mankowski, CPA, Partner, EP Caine & Associates, LLC, Bryn Mawr, PA.

Mr. Mihm outlined the findings of a Committee-requested Government Accountability Office (GAO) report describing the characteristics of the small business population; how those attributes affect the tax compliance burden; and how the IRS integrates the costs of small business compliance into its decision-making. Mr. Mihm pointed to a section of the report that outlined 25 recommendations the GAO has made to the IRS over the past few years that have the potential to reduce the compliance burden for small firms and stated that none of those have been acted upon by the IRS. Mr. Williamson testified that easing the rules to allow more small firms to adopt the cash accounting method of accounting would have a positive effect on the strain of compliance for small companies. Mr. Lewis addressed the exceptionally poor IRS service encountered by taxpayers and tax preparers when seeking assistance. Mr. Vitale outlined several outdated, complex and duplicative forms that the IRS could streamline in order to reduce the paperwork burden. Mr. Mankowski testified that some of the pilot programs designed to facilitate greater voluntary compliance initiated by the IRS have been poorly designed and poorly run, leading them to have a contradictory outcome than intended.

FIELD HEARING IN FLORIDA: "RESTRICTED ACCESS AT BISCAYNE NATIONAL PARK AND IMPLICATIONS FOR FISHERMEN, SMALL BUSINESSES, THE LOCAL ECONOMY AND ENVIRONMENT"

On August 3, 2015, the Committee on Small Business and the Committee on Natural Resources met at the William F. Dickinson Community Center in Homestead, FL for a hearing titled "Restricted Access at Biscayne National Park and Implications for Fishermen, Small Businesses, the Local Economy and Environment." The hearing examined the National Park Service's (NPS) final general management plan (GMP) for Biscayne National Park.

Biscayne National Park, which is south of Miami, is a marine park which is managed by the NPS. The park primarily consists of submerged land which includes sandy shoals, coral reefs, keys and islands, and mostly undeveloped mangrove shoreline. It is used for a variety of commercial and recreational activities, including

boating, fishing, scuba diving, snorkeling, and observing flora and fauna. Fishing in the park's waters is regulated under Florida state law, and state regulations are enforced by the NPS and the Florida Fish and Wildlife Conservation Commission (FWC) in the park. Under the final GMP, a 10,500 acre marine reserve zone would be created where no recreational or commercial fishing would be allowed.

Witnesses on the panel were: Mr. Carl Liederman, Owner, Captain Harry's Fishing Supply, Miami, FL; Mr. Brian Carlstrom, Superintendent, Biscayne National Park, National Park Service, United States Department of the Interior, Homestead, FL; Ms. Jessica McCawley, Director, Division of Marine Fisheries Management, Florida Fish and Wildlife Conservation Commission, Tallahassee, FL; Jerry Ault, Ph.D., Professor, University of Miami, Miami, FL; Mr. Bouncer Smith, Owner, Bouncer's Dusky 33 Fishing Charters, Miami, FL; Mr. Ernie Piton, President, Florida Keys Commercial Fishermen's Association, Key Largo, FL; Mr. Bryan Boyd, Owner, Ocean Blue Yacht Sales, Stuart, FL; Mr. Scott Salyers, Fishing Group Publisher, Bonnier Corporation, Palmetto Bay, FL; and Mr. Jimbo Thomas, Captain, Thomas Flyer, Miami, FL.

Mr. Liederman discussed how the closure of waters would negatively affect small businesses that supply fishermen and how the NPS disregarded recommendations to improve the park's fisheries resources that were developed by small stakeholders involved in a 2004 working group. Mr. Carlstrom explained how the NPS developed the fishery management plan and the GMP and why the NPS believes a marine reserve zone must be implemented. Ms. McCawley discussed the FWC's opposition to the final GMP and the marine reserve zone, which it believes should not be established unless all other less restrictive fishery management actions have been attempted and evaluated. Mr. Ault stated that marine reserve zones have been shown to be an effective management tool to improve coral reefs in Florida. Mr. Smith discussed his support of the marine reserve zone as a way to save and improve reef fish populations. Mr. Piton said he is concerned that the marine reserve zone will increase pressure on fish populations outside the zone, particularly in the Upper Keys area. Mr. Boyd described how decreased access to the park would negatively affect boat dealers who sell boats to recreational boaters and fishermen. Mr. Salyers noted that the GMP treats user groups differently even though all user groups could affect the park's reef; fishermen will be banned from fishing in the marine reserve zone, but divers and snorkelers, who could damage the reef, would still be allowed to recreate in the zone. Mr. Thomas, who fishes in the park's waters, discussed his concern that the NPS is moving forward with the marine reserve zone even though fish stock assessments conducted by the National Oceanic and Atmospheric Administration have found that fish stocks in the park are in excellent condition.

HEARING: "THE EMV DEADLINE AND WHAT IT MEANS FOR SMALL BUSINESSES"

On October 7, 2015 in the Committee on Small Business met in Room 2360 of the Rayburn House Office Building for a hearing ti-

tled “The EMV Deadline and What it Means for Small Businesses.” The hearing was the first of two hearings on the deadline for the October 1, 2015 shift from point-of-sale (POS) terminals to an Europay, Mastercard, Visa (EMV) chip system. The upgraded technology is designed to enhance protection against cybercrime and fraud. However, many small businesses are unprepared for the new technology. These businesses may be more vulnerable to cyber threats and could be responsible for certain incidents of fraud. A July 2015 study found that less than 49 percent of small businesses are aware of the October 1, 2015 date and liability shift.

The witnesses for the hearing were: Ms. Stephanie Ericksen, Vice President, Risk Products, Visa Inc., Foster City, CA; Mr. Scott Talbott, Senior Vice President, Government Affairs, ETA Electronic Transactions Association, Washington, DC; Mr. Paul Weston, President and CEO, TCM Bank, N.A., Tampa, FL; and Ms. Jan N. Roche, President/CEO, State Department Federal Credit Union, Alexandria, VA, on behalf of the National Association of Federal Credit Unions.

Ms. Ericksen explained Visa’s outreach efforts for the EMV transition as well as their accomplishments so far with the transition. There were 6.5 times more Visa chip cards in circulation in October 2015 than from the year before, and 4.7 times more small merchants have chip-enabled devices than the same time the year before. Mr. Talbott discussed the Electronic Transaction Association’s commitment to consumer data security and that EMV credit cards provide a much needed improvement. He also discussed some of the logistical difficulties with the proposed “chip and pin” card system, which cannot be used for all mobile transactions. Mr. Weston addressed the EMV transition from the community bank perspective, highlighting small banks’ inherent connection to their local communities as well as how proactive community banks have been during the transition. Ms. Roche provided an overview of the transition, including the issue of requiring the “chip and pin” format, credit union’s battle against fraud, and potential legislative solutions to improve consumer data security.

HEARING: “THE EMV DEADLINE AND WHAT IT MEANS FOR SMALL BUSINESSES: PART II”

On October 21, 2015 the Committee on Small Business met in Room 2360 of the Rayburn House Office Building for a hearing titled “The EMV Deadline and What it Means for Small Businesses: Part II.” The hearing was the second of two hearings which dealt with the October 1, 2015 deadline for customers to shift point-of-sale (POS) terminals to an Europay, Mastercard, Visa (EMV) chip system. Failure to transition would shift liability for fraud from the card provider to the merchant if the customer was using a credit card with the EMV chip, but would maintain the current allocation of liability if the merchant had adopted the new technology or if the customer was using a credit card without the chip. The upgraded technology is designed to protect against cybercrime and fraud. Small businesses that have not installed the new technology will be more vulnerable to cyber threats and they will be held liable for certain incidents of fraud. A July 2015 study found that less

than 49 percent of small businesses are aware of the October 1 deadline and liability shift.

The witnesses for the hearing were: Ms. Jami Wade, Owner, Capitol City CORK and Provisions & Capitol City Cinema, Jefferson City, MO; Mr. Keith Lipert, Owner, Keith Lipert Gallery, Washington, DC, on behalf of the National Retail Federation; Mr. Jared Scheeler, Managing Director, The Hub Convenience Stores, Inc., Dickinson, ND, on behalf of the National Association of Convenience Stores; Mr. Art Potash, CEO, Potash Markets, Chicago, IL, on behalf of the Food Marketing Institute; and Ed Mierzewski, Consumer Program Director and Senior Fellow, U.S. Public Interest Research Group, Washington, DC.

Ms. Wade discussed her small business and the fact that credit card transactions are vital to her business model. She said the cost associated with upgrading the credit card terminals was worth the peace of mind to combat fraud. Mr. Lipert explained the cost and delays associated with the transition to new credit card terminals in his business. Mr. Scheeler testified that the transition to new terminals would be too costly for convenience stores that typically have low profit margins to begin with. He said it has cost him approximately \$44,500 per store in order to comply. Mr. Potash said the upgrade for him cost roughly \$1,000 per lane, which can be tough for a company like his that has never hit even 2 percent profit margins. Mr. Mierzewski outlined his preference for “chip and pin” cards over “chip and sign.” He said the transition to “chip and sign” has been pushed by the large credit card companies due in large part to the fact that those companies would make more money in the new system.

HEARING: “NATIONAL ENTREPRENEURS” DAY”

On November 17, 2015, the Committee on Small Business met in Room 2360 of the Rayburn House Office Building for a hearing titled “National Entrepreneurs’ Day.” The hearing highlighted the benefits of entrepreneurship to the American economy in conjunction with the introduction of H. Res. 511, a resolution introduced by Chairman Chabot that expresses support for designation of the third Tuesday in November as “National Entrepreneurs’ Day.” The hearing examined methods utilized and cultivated by entrepreneurs to achieve prosperity, such as capitalizing on emerging industries and fostering innovation.

The witnesses were: Mr. Chris Ostoich, Co-Founder and VP of Marketing, LISNR, Cincinnati, OH; Mr. Sam Zietz, CEO and Founder, Touchsuite, Boca Raton, FL; Mr. Drew Bartkiewicz, CEO and Founder, lettrs, Collinsville, CT; and Ms. Jen Pepper, CEO and Founder, PepperSprouts, West Newbury, MA.

Mr. Ostoich testified about the importance of an entrepreneurial ecosystem the merges entrepreneurs, investors, and consumers in order to make a product scalable. Mr. Zietz noted that for small businesses two primary obstacles are tax complexities and regulatory burdens which act as a barrier for competing with larger companies. Mr. Bartkiewicz stated while he was able to receive funding from a company interested in veteran startups, he felt the Small Business Administration’s loan process needed to be reformed and updated. Ms. Pepper discussed the challenges involved

for entrepreneurs who want to engage in exporting, as well as the need for increased intellectual property protection overseas.

HEARING: "ATTENTION NEEDED: MISMANAGEMENT AT THE SBA— THE GAO FINDINGS"

On January 6, 2016, the Committee on Small Business met in Room 2360 of the Rayburn House Office Building for a hearing titled "Attention Needed: Mismanagement at the SBA— The GAO Findings." The hearing reviewed a report by the United States Government Accountability Office (GAO) that examined the overall management of the Small Business Administration (SBA or Agency). The report was a request by the former Chairman, Rep. Sam Graves, and the Ranking Member, Rep. Nydia M. Velázquez to examine various aspects of the SBA's management rather than individual programs of the Agency.

The sole witness at the hearing was Mr. William B. Shear, Director Financial Markets and Community Investment, Government Accountability Office, Washington, DC.

Mr. Shear testified that GAO found the SBA used strategic planning but failed to incorporate adequate program evaluations into the strategic planning process. GAO also found that the SBA has not completed an adequate human capital management plan which is particularly troubling given the age of the Agency's workforce. Mr. Shear explained that the lack of an adequate human capital plan is compounded by the SBA's convoluted and overlapping agency structure. He related that GAO's examination uncovered inadequate enterprise risk management—a serious problem given the SBA's management of a \$100 billion loan portfolio. Mr. Shear explained that the SBA has about 165 standard operating procedures (guidance documents), which are not regularly updated or are ignored by SBA personnel. Finally, Mr. Shear reviewed the failure of the SBA to implement many recommendations by GAO and the SBA's Inspector General concerning information technology.

HEARING: "ATTENTION NEEDED: MISMANAGEMENT AT THE SBA—THE ADMINISTRATOR RESPONDS"

On January 7, 2016, the Committee on Small Business met in Room 2360 of the Rayburn House Office Building to hear from the Administrator of the Small Business Administration (SBA or Agency) on her response to a report by the United States Government Accountability Office (GAO) that examined the overall management of the Agency. The report stemmed from a request by the former Chairman, the Hon. Sam Graves, and the Ranking Member, the Hon. Nydia M. Velázquez to examine various aspects of the SBA's management rather than individual programs of the Agency.

The sole witness at the hearing was the Hon. Maria Contreras-Sweet, Administrator, SBA, Washington, DC.

The Administrator commenced her testimony by explaining the growth in lending to small businesses without any cost to the taxpayer. The Administrator went on to note that the federal government exceeded the 23 percent statutory goal for contracts awarded to small businesses. The Administrator admitted that there still were many open recommendations from GAO and the Agency's own

Inspector General that she needs to address. She then provided the SBA's action plan to resolve those open recommendations.

HEARING: "SBA MANAGEMENT REVIEW: OVERSIGHT OF SBA'S ACCESS
TO CAPITAL OFFICES"

On January 12, 2016, the Committee on Small Business met in Room 2360 of the Rayburn House Office Building for a hearing titled "SBA Management Review: Oversight of SBA's Access to Capital Offices." The hearing examined the Office of Capital Access (OCA) and Office of Credit Risk Management (OCRM) within the United States Small Business Administration (SBA), which are responsible for operating and overseeing the capital access programs. The SBA offers a number of programs which aim to fill gaps in the lending market and increase small firms' access to capital by partnering with financial institutions and private investment funds.

The witnesses were: Ms. Ann Marie Mehlum, Associate Administrator, Office of Capital Access, United States Small Business Administration, Washington, DC; and Ms. Linda Rusche, Director, Office of Credit Risk Management, United States Small Business Administration, Washington, DC.

The witnesses provided testimony on OCA and OCRM and how these Offices were ensuring sufficient lender oversight and effectiveness in helping small firms obtain capital. Ms. Mehlum testified that while the loan program was growing in volume, the two flagship programs—the 7(a) program and the Certified Development Company (CDC) program—were operating at zero subsidy. Ms. Rusche testified that OCRM's responsibility was to preserve the integrity of the program through improved enforcement of lender program requirements.

HEARING: "EXPORT CONTROL REFORM: CHALLENGES FOR SMALL
BUSINESS? (PART II)"

On February 11, 2016, the Committee on Small Business met in Room 2360 of the Rayburn House Office Building for a hearing titled "Export Control Reform: Challenges for Small Business? (Part II)." The hearing examined the ongoing Export Control Reform (ECR) initiative and its implications for America's small exporters. This hearing followed the Small Business Subcommittee on Agriculture, Energy and Trade hearing "Export Control Reform: Challenges for Small Businesses (Part I)."

The witnesses for the hearing were: the Hon. Kevin J. Wolf, Assistant Secretary of Commerce for Export Administration, Bureau of Industry and Security, United States Department of Commerce, Washington, DC; and the Hon. Brian Nilsson, Deputy Assistant Secretary for Defense Trade Controls, Bureau of Political-Military Affairs, United States Department of State, Washington, DC.

The Committee was particularly concerned that the ongoing Export Control Reform Initiative could adversely affect small businesses. In an effort to ensure this is mitigated, Mr. Wolf said the Administration is making structural regulatory changes and lengthening the type of outreach that they do. Structural regulatory changes include eliminating regulatory burdens for items by moving them from the United States Munitions List to the more

flexible Department of Commerce list. In fact, Mr. Nilsson said in his testimony that there has been an 83 percent reduction in licensing for items that were on the United States Munitions List that have since moved to the Department of Commerce list. Mr. Wolf said his office is conducting panels, visiting small businesses, and hosting online training resources to help during this transition.

FIELD HEARING IN NEW YORK: “THE EMPIRE (STATE) STRIKES BACK: CREATING 21ST CENTURY MANUFACTURING OPPORTUNITIES IN NEW YORK CITY”

On February 22, 2016, the Committee on Small Business met in City Hall in New York, NY for a field hearing titled “The Empire (State) Strikes Back: Creating 21st Century Manufacturing Opportunities in New York City.” The hearing examined the growth of New York City’s advanced manufacturing and technology sectors and witnesses testified about the development of these sectors, the challenges they face, and how New York City benefits their business.

The witnesses for the hearing were: Mr. Adam Friedman, Director, Pratt Center for Community Development, Brooklyn, NY; Ms. Bob Bland, CEO and Founder, MANUFACTURE NY, Brooklyn, NY; Mr. Michael Dimarino, Owner, Linda Tool, Brooklyn, NY; Ms. Nekisia Davis, Founder and Owner, Early Bird Food & Co., LLC, Brooklyn NY; and Mr. Edward Jacobs, FXE Industries, Brooklyn Navy Yard, Brooklyn, NY.

The hearing focused on how manufacturing can still thrive in America, and that New York City is a good example. Mr. Friedman outlined how major United States urban centers can be the manufacturing centers of the future, and his recommendations for how the federal government can assist. Ms. Bland talked about the prowess of New York City’s fashion industry; New York is home to 900 fashion company headquarters, employs 180,000 people, and accounts for \$2 billion in tax revenue. Mr. Dimarino testified that while the manufacturing landscape in New York has changed over the years, his company, Linda Tool, provides a blueprint for how to adapt as a manufacturer in New York City. Ms. Davis outlined her successes and challenges as a small manufacturer of granola and granola bars in Brooklyn. Finally, Mr. Jacobs said his desire to find employees in the niche industry of motorcycle design and engineering was best met at the Brooklyn Navy Yard.

HEARING: “COMMERCIALIZING ON INNOVATION: REAUTHORIZING THE SMALL BUSINESS INNOVATION RESEARCH AND SMALL BUSINESS TECHNOLOGY TRANSFER PROGRAMS”

On March 2, 2016, the Committee on Small Business met in Room 2360 of the Rayburn House Office Building for a hearing titled “Commercializing on Innovation: Reauthorizing the Small Business Innovation Research and Small Business Technology Transfer Programs.” This hearing was the first of two hearings the Committee conducted to examine reauthorization of potential improvements to the Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) programs.

The witnesses for the hearing were: Mr. John Williams, Director, Innovation and Technology, Office of Investment and Innovation,

United States Small Business Administration, Washington, DC; Barry Johnson Ph.D., Division Director, Industrial Innovation & Partnerships, National Science Foundation, Arlington, VA; Matthew Portnoy Ph.D., Overall HHS SBIR/STTR Program Manager/NIH Program Manager, National Institutes of Health, Bethesda, MD; and Mr. Robert Smith, Director, SBIR/STTR Programs, Office of Naval Research, Department of the Navy, Arlington, VA.

Mr. Williams outlined the recent accomplishments of the SBIR and STTR programs and included his recommendations for how to improve them. Specifically, Mr. Williams claimed that currently, firms are limited in using SBIR funds to support activities that help commercialize the firms' products and services. Dr. Johnson, who was next to testify, outlined how the National Science Foundation uses the SBIR and STTR programs to stimulate small businesses to innovate. He went on to say that besides funding, the NSF also provides an educational component that helps small business owners further understand market needs and customers. Dr. Portnoy's testimony focused on how the National Institute of Health uses the SBIR and STTR programs to promote innovation in the healthcare industry. Finally, Mr. Smith discussed how the Navy uses these two programs. The Navy's current initiatives for the programs include making awards to new firms, reducing award delays, and using non-SBIR/STTR funds to promote innovation.

HEARING: "SBA MANAGEMENT AND PERFORMANCE CHALLENGES: THE INSPECTOR GENERAL'S PERSPECTIVE"

On March 16, 2016, the Committee on Small Business met in Room 2360 of the Rayburn House Office Building for a hearing titled "SBA Management and Performance Challenges: The Inspector General's Perspective." The hearing was the last in a series of hearings the Committee held to examine serious management and performance challenges facing the SBA. This hearing was originally scheduled for February 24, 2016, but was postponed when the witness was unable to testify due to medical reasons.

The Committee's oversight hearings were inspired by a Government Accountability Office (GAO) report highlighting management challenges within the SBA. The report noted that many of the challenges identified by the GAO were first identified by the SBA's Office of the Inspector General. The Committee invited the SBA's Inspector General, the Hon. Peggy Gustafson, to testify and offer her unique perspective on the management of the SBA as well as her insight into ways in which the SBA may more effectively, and more efficiently, assist small businesses.

At the hearing, Ms. Gustafson highlighted some of her office's efforts, and singled out several areas where SBA management challenges posed a significant risk to the agency's ability to assist small businesses. Specifically, she mentioned the risks due to limited oversight and controls in SBA's lending programs; risks affecting SBA's oversight of contracts for small and disadvantaged businesses; risks associated with SBA's information security controls and other operations; risks associated with SBA's oversight and controls of grants for entrepreneurial development; and risks associated with SBA's acquisition program.

The deficiencies identified by Ms. Gustafson in her testimony were disturbing. Chairman Chabot was specifically troubled by the SBA's long-standing challenges related to information technology security, and how these challenges have persisted. The Committee remains committed to working with Ms. Gustafson to ensure the SBA addresses its challenges.

HEARING: "KEEP IT SIMPLE: SMALL BUSINESS TAX SIMPLIFICATION AND REFORM, THE COMMISSIONER RESPONDS"

On April 13, 2016, the Committee on Small Business met in Room 2360 of the Rayburn House Office Building for a hearing titled "Keep It Simple: Small Business Tax Simplification and Reform, the Commissioner Responds." The hearing was an opportunity for the Internal Revenue Service (IRS) to respond to what was discussed in the Subcommittee on Economic Growth, Tax and Capital Access hearing that morning, titled "Keep it Simple: Small Business Tax Simplification and Reform, Main Street Speaks" and provide its own recommendations for simplifying tax code compliance for small businesses.

The Committee heard from a public sector panel that examined key tax issues as they apply to small businesses. Corporations and partnerships with more than 50 employees face a tax compliance burden of approximately \$182 to \$191 per employee, but this number skyrockets to \$4,308 to \$4,736 per employee for the smallest employers with 1–5 employees. As overall tax reform efforts continue to take shape, the goal of simplification must remain at the forefront so that small businesses can continue to grow, succeed, and create jobs.

The witness for the hearing was the Hon. John Koskinen, Commissioner, Internal Revenue Service, Washington, DC.

Commissioner Koskinen asserted that the IRS is a tax administrator and does not have a direct role in simplifying tax laws despite the IRS' regulatory authority. However, he conceded that not only is the current tax code complex, but keeping up with the myriad of changes in the tax system can be very difficult for small business owners. Commissioner Koskinen also discussed the IRS' initiatives to strengthen its cyber security, ensure timely and effective customer service, and increase tax assistance for small businesses and start-ups.

HEARING: "REGULATION: THE HIDDEN SMALL BUSINESS TAX"

On April 14, 2016, the Committee on Small Business met in Room 2360 of the Rayburn House Office Building for a hearing titled "Regulation: The Hidden Small Business Tax." The hearing examined the burden of federal regulations on small businesses, federal agencies' analyses of the effects of regulations on small businesses, and the need to improve those assessments.

According to the most recent statistics, small businesses employ 56.8 million employees, or nearly half of the nation's private sector workforce. In addition, small businesses are responsible for 63 percent of net new private sector jobs and produce 46 percent of private sector gross domestic product. However, in comparison to their larger counterparts, small businesses bear a disproportionate share of the federal regulatory burden. According to a 2014 study issued

by the National Association of Manufacturers, small businesses with less than 50 employees annually spend 17 percent more than an average firm to comply with federal regulations.

The witnesses for the hearing were: Ms. Karen R. Harned, Executive Director, National Federation of Independent Business Small Business Legal Center, Washington, DC; Mr. Frank Earnest Knapp, Jr., President and CEO, South Carolina Small Business Chamber of Commerce, Columbia, SC, on behalf of the American Sustainable Business Council; Mr. Rosario Palmieri, Vice President, Labor, Legal and Regulatory Policy, National Association of Manufacturers, Washington, DC; and Mr. Thomas M. Sullivan, Of Counsel, Nelson Mullins Riley & Scarborough, Washington, DC.

Ms. Harned stated that small businesses rely on the notice and comment rulemaking process and small business protections like the Regulatory Flexibility Act (RFA) to ensure that agencies do not impose costly new mandates when viable and less expensive alternatives exist. She then described the significant burden that labor regulations place on small businesses, which rarely have human resources compliance managers, and the likely negative effects of the Department of Labor's proposed overtime rule on small businesses and their employees. Mr. Knapp discussed a survey that found that small business owners value regulations if they are well constructed and fairly enforced. Mr. Palmieri discussed the regulatory burden on small manufactures. Those with fewer than 50 employees incur regulatory costs of \$34,671 per employee per year, which is three times the amount spent by the average U.S. business. Furthermore, he stated that the burden of environmental regulations is the heaviest on small manufacturers because their compliance costs are not affected by economies of scale. Mr. Sullivan talked about the history and rationale behind the RFA as well as instances where the statute's requirements have been circumvented to the detriment of small businesses. In particular, he discussed the Waters of the United States rule which the Environmental Protection Agency (EPA) and the U.S. Army Corps of Engineers certified would not have a significant economic impact on a substantial number of small businesses despite the fact that the agencies' own economic analysis estimated increased permit and wetland mitigation costs.

HEARING: "SMALL BUSINESS AND THE FEDERAL GOVERNMENT: HOW CYBER ATTACKS THREATEN BOTH"

On April 20, 2016, the Committee on Small Business met in Room 2360 of the Rayburn House Office Building for a hearing titled "Small Business and the Federal Government: How Cyber Attacks Threaten Both." The hearing examined the current state of cyber security for small firms and various supporting federal agencies and potential solutions to strengthen their efforts. Information technology provides small businesses with the necessary tools to efficiently engage in the global economy. However, as small businesses increasingly rely on web-based products and services, they face an even greater threat from cyber criminals. Even a simple cyber attack can effectively destroy a small business. Recent studies indicate that cyber security measures continue to be one of the top issues for small businesses. Unfortunately, some analyses have

found that not only are many small businesses underprepared to combat cyber attacks, the very federal agencies tasked with supporting small businesses lack essential resources to defend against cyber criminals.

The witnesses for the hearing were: Mr. Richard Snow, Owner, Maine Indoor Karting, Scarborough, ME; Mr. Kevin Dunn, Technical Vice President, NCC Group, Austin, TX; Mr. Nicholas A. Oldham, Counsel, King & Spalding LLP, Washington, DC; and Stephen F. Mankowski, CPA, National Tax Chair, National Conference of CPA Practitioners (NCCPAP), National Secretary, NCCPAP, Partner at EP Caine & Associates CPA, LLC, Bryn Mawr, PA.

Mr. Snow discussed his company's cyber attack and the expense and confusion that surrounds the process. Mr. Snow recounted how he responded to both an employee taking money from the cash registers as well as his experience dealing with a phishing scam that wiped his company's accounts. Mr. Oldham addressed the education gap in preparing consumers and businesses to handle cyber hackers. However, he went on to say that many cybersecurity initiatives, including the National Institute of Standards and Technology framework, are not tailored to the limited resources of small businesses. Mr. Dunn discussed his experience as a 'Penetration Tester' that provides customized advice to clients to upgrade their cyber security. He also spoke about the potential scenario of hackers being able to access government data through small business servers. Finally, Mr. Mankowski discussed tax practitioners handling sensitive consumer and business tax filing information because they are disproportionately targeted by hackers.

HEARING: "S IS FOR SAVINGS: PRO-GROWTH BENEFITS OF EMPLOYEE-OWNED S CORPORATIONS"

On April 27, 2016, the Committee on Small Business met in Room 2360 of the Rayburn House Office Building for a hearing titled "S is for Savings: Pro-Growth Benefits of Employee-owned S Corporations." The hearing focused on employee-owned S corporations (S ESOPs), particularly how S ESOPs establish employee ownership and the benefits that may accrue to the small business and the economy as a result. It also examined H.R. 2096, the Promotion and Expansion of Private Employee Ownership Act of 2015, which has been referred to this Committee, and whether this bill would encourage S ESOP proliferation.

S corporations have been permitted to maintain S ESOPs, a type of defined contribution plan, since 1998. The data seem to demonstrate that S ESOPs are outperforming other incentives to drive success by improving: employee loyalty, firm longevity, base wages, wage growth, job stability, retirement security, employment, sales, and wage disparity. They also have a measurable effect on the economy as a whole. H.R. 2096 would foster formation of additional S ESOPs by: 1) encouraging owners of S corporations to sell their stock to an ESOP; 2) expanding financing opportunities for S corporation ESOPs; 3) providing technical assistance for S ESOP formation; 4) ensuring small business ESOPs retain their SBA certification; and 5) acknowledging the importance of maintaining the S ESOP structure in the Internal Revenue Code.

The witnesses for the hearing were: Mr. Peter S. Strange, Chairman Emeritus, Messer Inc., Cincinnati, OH; Mr. Jay Hardy, President, Hardy Diagnostics, Santa Maria, CA, on behalf of the Warren County Chamber Alliance; Mr. Alex Brill, Resident Fellow, American Enterprise Institute, Washington, DC; and Ms. Stephanie E. Silverman, President & Executive Director, Employee-Owned S Corporations of America, Washington, DC.

Mr. Strange related Messer Inc.'s story of becoming an ESOP to avoid being sold off by a new generation of owners who were not interested in running the company. Over the 25 years after becoming an ESOP, the company grew from 200 employees to over 1,000. Mr. Hardy's company, Hardy Diagnostics, became an S ESOP four years ago as an exit and retirement strategy for the founder and the company's employees. Since then, the company has grown by 78 percent and Mr. Hardy believes forming the ESOP was a significant factor in this growth. Mr. Brill examined the macroeconomic impact of S ESOPs on the economy as a whole. He found that S ESOPs are vital economic players in the United States. Among other economic benefits, Mr. Brill said that ESOPs have low turnover, resilience during economic downturns, and average 2.3–2.4 percent higher sales than non-S ESOP companies. Ms. Silverman also mentioned the strong performance of S ESOPs in the United States and advocated for passage of H.R. 2096, which would incentivize S corporations to sell their stock to an ESOP, encourage banks to lend to S ESOPs, and permit SBA-certified small businesses to remain eligible for SBA programs after becoming majority owned by an ESOP. Chairman Chabot then announced he would cosponsor H.R. 2096.

HEARING: "INSPIRING ENTREPRENEURS: LEARNING FROM THE EXPERTS"

On May 11, 2016, the Committee on Small Business met in Room 2360 of the Rayburn House Office Building for a hearing titled "Inspiring Entrepreneurs: Learning from the Experts." This hearing was an opportunity to hear from four individuals who are seen as experts in the fields of small business and entrepreneurship.

The witnesses for the hearing were: Ms. JJ Ramberg, Host, MSNBC "Your Business," New York, NY; Mr. Ramon Ray, Editor, Smart Hustle Magazine, Elizabeth, NJ; Ms. Susan Solovic, The Small Business Expert & Advocate, St. Louis, MO; and Ms. Melinda Emerson, Founder & CEO, Quintessence Group & Melinda F. Emerson Foundation, Drexel Hill, PA.

Ms. Ramberg's testimony discussed her business, Goodshop and her TV show, "Your Business," and the change in public perception of entrepreneurs over the last decade. Ms. Ramberg noted that there is much more public focus on entrepreneurship and small business now than when she began her career. In terms of her recommendations for small business owners, she urged entrepreneurs to have a good group of advisors, ensure that there is a legitimate market for their product, and examine all avenues for capital to see what would best fit their business.

After outlining his experience as an entrepreneur, Mr. Ray gave three recommendations for how the government and the Committee

can best assist small businesses. His recommendations were: reduce unnecessary regulatory burdens at every level of government; reduce and simplify taxes for small businesses; and foster small business education. Ms. Solovic spoke about her business, The One Percent Edge, which provides news and information to the small businesses. Through video presentations, she was able to create a product that was not only cheaper to produce than print publications, but also was more convenient for time-constrained business owners to watch. She also noted how excessive regulations hurt small businesses, as they bear a larger burden than large companies. Ms. Emerson provided a six-step transition from employee to entrepreneur: (1) develop a life plan before you ever write a business plan; (2) develop a financial plan; (3) validate your business idea; (4) know your paying customer; (5) write a business plan; and (6) launch while working.

HEARING: "THE NEW FACES OF AMERICAN MANUFACTURING"

On May 12, 2016, the Committee on Small Business met in Room 2360 of the Rayburn House Office Building for a hearing titled "The New Faces of American Manufacturing." Over the next decade, it is likely that nearly three and a half million manufacturing jobs will need to be filled. There is expected to be a "skills gap" that will result in two million of those jobs going unfilled. The hearing examined this issue, as well as the innovative ways academia and manufacturers are addressing workforce development for the next generation of American manufacturers.

The witnesses for the hearing were: Mr. John Ratzenberger, Fiddlers Bay Productions, Milford, CT; Mr. Dustin Tillman, President and CEO, Elite Aviation Products, Irvine, CA; Ray Perren, Ph.D., President, Lanier Technical College, Oakwood, GA, on behalf of the Association for Career and Technical Education; and Ms. Kim Glas, Executive Director, BlueGreen Alliance, Washington, DC.

Mr. Ratzenberger recounted how America was created by those who could build. However, in today's manufacturing sector, the average worker is 58 years old, and there are not enough younger workers to replace them when they retire in the not-so-distant future. He went on to say that one of the reasons for the lack of young manufacturers is the American school system's removal of classes like wood shop, metal shop, auto repair shop and home economics. Mr. Tillman discussed his company's initiatives to bring high quality manufacturing jobs back to the United States. However, he believes that legislation too often focuses on helping only small, minority owned, and disadvantaged businesses, and not the midsized businesses that are capable of employing a larger portion of the labor force. He described his company, Elite Veterans Initiative, which helps to train and hire those transitioning from the military into the private sector.

Dr. Perren tried to dispel many of the myths associated with the contemporary manufacturing sector. He found that manufacturing jobs in the United States often provide clean working environments, collaborative and non-repetitive tasks, and most importantly, provide livable salaries that do not require a four-year degree. He urged Congress to support technical colleges through year-round Pell grants. Ms. Glas discussed the clean energy industry,

which currently employs 2.5 million Americans. She urged the federal government to continue to help small manufacturers and promote the creation of more safe, family-sustaining energy and transportation jobs.

HEARING: "HELP WANTED: SMALL BUSINESS PROVIDING OPPORTUNITIES FOR ALL"

On May 19, 2016, the Committee on Small Business met in Room 2360 of the Rayburn House Office Building for a hearing titled "Help Wanted: Small Business Providing Opportunities for All." The hearing demonstrated that there are opportunities for all in small business and as entrepreneurs.

The witnesses for the hearing were: Ms. Lisa Goring, Executive Vice President, Programs and Services, Autism Speaks, New York, NY; Ms. Terri Hogan, Owner, Contemporary Cabinetry East, Cincinnati, OH; Mr. Rajesh Anandan, Co-founder, ULTRA Testing, New York, NY; Mr. Joe Steffy, Owner, Poppin Joe's Gourmet Kettle Korn, Louisburg, KS, accompanied by Mr. Ray Steffy.

Ms. Goring testified about Autism Speaks' work with the small business community to provide employment opportunities to individuals with autism. Autism Speaks believes the innovation and flexibility unique to small businesses and entrepreneurs enables them to lead the way in employing individuals with autism. As a result, Autism Speaks has undertaken a small business-focused employment initiative, Advancing the Role and Impact of Small Businesses in Employing Adults with Autism. The organization will fund additional grants for their Small Business Accelerator pilot programs to three new regions in 2016.

Ms. Hogan and Mr. Anandan both testified regarding their experiences as small business owners. Ms. Hogan employs an individual with special needs who has brought community awareness and raised moral within her company. She mentioned a variety of resources to help employers understand how to accommodate workers with disabilities and how to teach these individuals the skills they need to succeed in the workplace. Mr. Anandan testified that simple accommodations his company has made to employ individuals with Autism have benefited and improved his company.

Mr. Steffy has Autism and Down syndrome. Although he is non-verbal, he was able to testify using technology and discussed his company, Poppin Joe's Gourmet Kettle Korn. After completing school, Mr. Steffy was told that he would never be able to hold a job. Through his hard work and perseverance, he started and grew his company to a point where he lives in his own home, pays taxes, and travels.

HEARING: "THE SHARING ECONOMY: A TAXING EXPERIENCE FOR NEW ENTREPRENEURS, PART I"

On May 24, 2016, the Committee on Small Business met in Room 2360 of the Rayburn House Office Building for a hearing titled "The Sharing Economy: A Taxing Experience for New Entrepreneurs, Part I." The hearing was Part I of a two-part series to discuss the tax challenges presented by the sharing economy. Part I featured a private-sector panel of experts.

The witnesses for the hearing were: Ms. Caroline Bruckner, Executive-in-Residence, Accounting and Taxation, Managing Director, Kogod Tax Policy Center, Washington, DC; Mr. Rob Willey, VP Marketing, TaskRabbit, San Francisco, CA; Mr. Morgan Reed, Executive Director, ACT The App Association, Washington, DC; and Mr. Joe Kennedy, Senior Fellow, Information Technology and Innovation Foundation, Washington, DC.

Ms. Bruckner said that although the sharing economy has experienced extraordinary growth in the past few years, very little has been done to understand the tax compliance challenges for those who work in the industry. In developing a report, Ms. Bruckner discovered that of those who earned income working with an on-demand platform company: one-third did not know whether they were required to file quarterly-estimated payments with the Internal Revenue Service (IRS); 26 percent did not know what kind of records were needed for tax purposes; 43 percent were unaware of how much they would owe in taxes; and almost half did not know of any deductions. This illustrates the confusion associated with the sharing economy when it comes to tax compliance. Mr. Willey said that many who use the app for work are unaware of the tax compliance challenges or tax benefits to which they are entitled. He said TaskRabbit has been reluctant to pursue training opportunities for its workers because of the threat of litigation, the risks tied to worker classification, and regulations at both the federal and state level. Mr. Reed asked Congress and the IRS to ensure that the tax code be used to help the sharing economy grow. He also urged Congress to advance legislation that would increase transparency in the tax resolution process for those in the sharing economy. Mr. Kennedy noted that the employee-contractor distinction is a holdover from common law that is frequently not relevant to the contexts in which it is applied today. He presented three options for adapting to the times and better accommodating new constructs, such as the sharing economy: 1) create a new category of worker between full employee and independent contractor; 2) revisit each of the major labor laws and carefully tailor them to achieve specific goals; and 3) create a carve-out for workers who depend on Internet platforms.

HEARING: "THE SHARING ECONOMY: A TAXING EXPERIENCE FOR NEW ENTREPRENEURS, PART II"

On May 26, 2016, the Committee on Small Business met in Room 2360 of the Rayburn House Office Building for a hearing titled "The Sharing Economy: A Taxing Experience for New Entrepreneurs, Part II." This hearing was Part II of a hearing conducted on May 24, 2016, to discuss the tax challenges presented by the sharing economy. The May 24 hearing featured a panel of private sector experts, and the May 26 hearing followed with a government panel.

The sole witness for the hearing was Nina Olson, National Taxpayer Advocate, Internal Revenue Service, Washington, DC.

Ms. Olson testified that many who work in the sharing economy do not fully understand their tax filing obligations. She recommended that the Internal Revenue Service (IRS) expand its education and outreach to sharing economy participants through its

website and printed materials. She also made a number of other recommendations designed to improve voluntary tax compliance by sharing economy participants. Ms. Olson suggested permitting an expansion of the relationship between the company and the contractor that would not jeopardize worker classification, including voluntary withholding agreements and optional training. She also suggested making it easier for people to understand their obligations and comply by changing the quarterly filing dates to actually correspond to the quarters.

HEARING: “DAMAGING REPERCUSSIONS: DOL’S OVERTIME RULE, SMALL EMPLOYERS, AND THEIR EMPLOYEES”

On June 23, 2016, the Committee on Small Business met for a hearing titled “Damaging Repercussions: DOL’s Overtime Rule, Small Employers, and their Employees.” The hearing examined the effects of the final rule that revises the existing Fair Labor Standards Act (FLSA) regulations that implement the exemption from minimum wage and overtime pay for executive, administrative, professional, outside sales and computer employees on small employers and their employees. It also assessed the adequacy and accuracy of the Department of Labor’s (DOL) analysis of small business economic impacts required by the Regulatory Flexibility Act.

The rule, which was finalized in May 2016, makes several significant changes to the existing FLSA regulations. The Department of Labor (DOL) increased the salary that must be paid to satisfy the “salary level” test from the current level of \$23,660 to \$47,476 annually and established a new process to automatically update the salary level every three years.

The witnesses for the hearing were: Mr. Adam Robinson, Co-founder/CEO, Hireology, Chicago, IL, on behalf of the Job Creators Network; the Hon. Jerrie Tipton, Commission Chair, Mineral County, Hawthorne, NV, on behalf of the National Association of Counties; Mr. Albert F. Macre, General Partner, Payroll + Services, Steubenville, OH, on behalf of the National Federation of Independent Business; Ms. Christine V. Walters, JD, MAS, SHRM-SCP, SPHR, Sole Proprietor, FiveL Company, Westminster, MD, on behalf of the Society for Human Resource Management; and Mr. Ross Eisenbrey, Vice President, Economic Policy Institute, Washington, DC.

At the hearing, the panel discussed the DOL’s overtime rule and the ramifications for small employers, including small businesses, small nonprofits, and small governmental jurisdictions. Mr. Robinson discussed how the overtime rule will adversely affect technology startups like the human resources technology business that he founded, Hireology, which typically use compensation structures with lower base salaries and the opportunity to earn significant bonuses and commissions. He is concerned that this new rule will regulate opportunities like these out of existence because it does not distinguish among firm size, sector, location, or compensation structure. Commissioner Tipton discussed how this new rule will affect county governments, particularly small government jurisdictions with populations of 50,000 residents or less, that are still struggling to recover from the recession and lack the resources and the ability to raise revenue to absorb sudden pay increases. Absent

new revenue sources, counties may have to reduce service levels, decrease employee benefits, or cut staff. Mr. Macre mentioned the challenges that small businesses with thin margins and variations in the number of hours their employees work in a workweek may face. For the first time in twenty years, his company may require its employees to bear a portion of their health insurance costs. Ms. Walters explained the overtime rule will affect both the employees and services provided by small nonprofit organizations and small businesses with limited flexibility in their budgets. Ms. Walters discussed the disproportionate administrative burden that small employers, which often have one person performing the role of office manager, payroll administrator and human resources generalist, will incur due to the overtime rule. Mr. Eisenbrey said he supports the rule and stated that millions of people will get raises, reduced hours for the same pay, or find new jobs due to the rule.

HEARING: "FOREIGN CYBER THREATS: SMALL BUSINESS, BIG TARGET"

On July 6, 2016, the Committee on Small Business met in Room 2360 of the Rayburn House Office Building for a hearing titled "Foreign Cyber Threats: Small Business, Big Target." The hearing addressed the threat of foreign cyber attacks on small businesses. Information technology provides small businesses with the necessary tools to be competitive in the global economy. However, as small businesses increasingly rely on foreign technology products and services, they face an even greater threat from cyber attacks. As the Committee has learned through previous hearings, even a simple cyber attack can destroy a small business. Unfortunately, some foreign telecommunications firms are taking steps to develop an unbreakable link to American companies and markets, making small businesses a top target. These foreign firms strive to become highly integrated with American firms in order to evade the consequences associated with ignoring U.S. sanctions on rogue regimes. Not only does this pose a significant risk to our national security, but it also creates real concerns for the safety and sustainability of America's small businesses—firms that are often ill-equipped to combat against cyber attacks and properly identify looming foreign threats.

The witnesses for the hearing were: Mr. Jamil N. Jaffer, Director, Homeland and National Law Program, George Mason School of Law, Arlington, VA; Mr. Justin Zeefe, Co-founder & Chief Strategy Officer, Nisos Group, Alexandria, VA; Mr. Nova J. Daly, Senior Public Policy Advisor, Wiley Rein LLP, Washington, DC; and Ms. Angela Dingle, Founder, President and CEO, Ex Nihilo, Washington, DC.

Mr. Jaffer made seven recommendations for both the government and small businesses: 1) businesses must get buy-in for the need for cyber security; 2) small businesses must consider working together to spread the cost of cyber defense products; 3) small businesses must collaborate with the government and large businesses to share cyber threat information, 4) the government must get more serious about deterring nation-state threat actors; 5) the government must provide more detailed information about cyber threats facing our nation; 6) the government must incentivize investment in cyber security products; and 7) Congress should con-

sider modifying the Cybersecurity Information Sharing Act of 2015. Mr. Zeefe discussed why foreign cyber threats have moved to attacking small businesses. Only 23 percent of small businesses worry a great deal about cyber risk, and when larger companies and the government have greatly improved their cyber defense, cyber attackers simply attack the most vulnerable entities. Mr. Daly recommended that small companies focus on enforcement of export controls, promote industry-led cyber security standards, increase outreach efforts to small businesses, and address supply chain security issues. Ms. Dingle stressed that government contracts are vital for women entrepreneurs to grow their businesses. However, she stated that compliance with regulations such as “Protecting Controlled Unclassified Information in Nonfederal Information Systems and Organizations” and the “Insider Threat Program” amendment to the Defense Federal Acquisition Regulation Supplement adversely affect small businesses.

HEARING: “ENSURING OPPORTUNITIES: OVERSIGHT OF THE HUBZONE PROGRAM”

On September 7, 2016, the Committee on Small Business met in Room 2360 of the Rayburn House Office Building for a hearing titled “Ensuring Opportunities: Oversight of the HUBZone Program.” The hearing provided oversight of the Small Business Administration’s (SBA) Historically Underutilized Business Zones (HUBZone) Program, which provides federal contracting opportunities to small businesses in areas of the country that are economically distressed.

The witnesses for the hearing were Mr. William B. Shear, Director, Financial Markets and Community Investment, United States Government Accountability Office, Washington, DC; and Mr. John Shoraka, Associate Administrator, Office of Government Contracts and Business Development, United States Small Business Administration, Washington, DC.

Mr. Shear focused on the Government Accountability Office’s (GAO) audit of the SBA’s HUBZone program and whether SBA has implemented GAO’s recommendations. He said the SBA has not cited specific firms that would lose eligibility due to changes in the HUBZone program. SBA did not require firms seeking recertification to submit information to verify continued eligibility, he said. He noted that GAO’s 2015 report on the program explored changes to designation criteria for the program that could result in economic gains in some communities. However, the report also said that while the changes could benefit some communities, there could be other communities that could be adversely affected. Mr. Shoraka highlighted many of the recent achievements of federal contracting programs, including exceeding the 23 percent prime contracting goal, the five percent women owned business goal, and the hiring of 10 additional procurement executives. He mentioned the HUBZone program’s accomplishments, noting that SBA has reduced the application waiting period to a maximum of 90 days and increased site visits to 10 percent of the portfolio in order to improve eligibility verification. He also said the SBA has been in communication with both GAO and SBA’s Office of Inspector General (OIG) to meet their recommendations for the HUBZone program,

and that the SBA has almost completed implementation of the recommendations.

Mr. Shoraka testified that SBA had determined that it had the authority to expand HUBZone designations beyond 20 percent of a metropolitan area, which was the cap the program has been working from. He cited an opinion written by SBA's Office of the General Counsel, which was provided to the Committee after the hearing. During the hearing, Members were skeptical about this opinion because it seemed to be contrary to clear statutory language, and the Committee was not consulted. The effect of this opinion could potentially be significant, impacting whether areas most in need would be able to compete for government contracts, and damaging the effectiveness of the program.

Chairman Chabot said that proper management of the HUBZone is key to its success, and the guidance GAO has provided is invaluable for the Committee. He urged the SBA to take immediate action to adopt all of GAO's recommendations, and noted that major program reforms must be accomplished through the legislative process.

HEARING: "IRS PUTS SMALL BUSINESSES THROUGH AUDIT WRINGER"

On September 14, 2016, the Committee on Small Business met in Room 2360 of the Rayburn House Office Building for a hearing titled "IRS Puts Small Businesses through Audit Wringer." The hearing was a follow-up to the June 22, 2016 hearing conducted by the Subcommittee on Economic Growth, Tax, and Capital Access. That hearing examined the broad systemic problems across the IRS' authority with regard to small businesses and laid the foundation for further exploration of these issues.

The IRS is in the unique position of being both tax collector and tax code enforcer. The IRS has fairly clear internal guidelines when auditing large businesses, but the conduct of small business audits is less well regulated, often resulting in confusion and frustration on the part of small business taxpayers. The Committee met to examine how small businesses are being treated during the audit process.

The witnesses for the hearing were: Ms. Kathy Petronchak, Director of IRS Practice and Procedure, alliantgroup, LP, Houston, TX; Mr. Warren Hudak, President, Hudak & Company, Lemoyne, PA, on behalf of the National Association of Enrolled Agents; Mr. Don Williamson, Executive Director, Kogod Tax Policy Center, American University, Washington, DC; and Ms. Jennifer E. Breen, Partner, Morgan, Lewis & Bockius LLP, Washington, DC, on behalf of the American Bar Association Section of Taxation.

Ms. Petronchak focused on the issues faced by small business taxpayers in the exam process. She discussed the involvement of specialists in the audit process, frequently without the knowledge of the taxpayer. She also discussed the increasing problem of third party contacts and suggested that IRS increase transparency and work with the National Taxpayer Advocate on the issue. Mr. Hudak addressed increased agency reliance on automation, unreasonable delay, and auditor inexperience and poor training. He pointed out that these issues fly in the face of the Taxpayer Bill of Rights. He recommended that the IRS make more focused and

reasonable queries when examining small businesses. Mr. Williamson discussed some of the pitfalls of the correspondence audit, including providing no point of contact and the lack of specificity in document requests. Ms. Petronchak, Mr. Hudak, and Mr. Williamson agreed that having an auditor specifically assigned to even a correspondence audit would be helpful and that increased electronic access to an actual auditor would make the process faster and less confusing. Ms. Breen described the IRS examination process and explained the differences between a correspondence audit and a field audit.

PART B

SUBCOMMITTEE HEARINGS

HEARING: “CONTRACTING AND THE INDUSTRIAL BASE II: BUNDLING, GOALING, AND THE OFFICE OF HEARINGS AND APPEALS”

On March 17, 2015, the Subcommittee on Contracting and Workforce of the Committee on Small Business met in Room 2360 of the Rayburn House Office Building for a hearing titled “Contracting and the Industrial Base II: Bundling, Goaling, and the Office of Hearings and Appeals.” The hearing was the second of three hearings that examined the utilization of small businesses to support the industrial base. This hearing focused on: 1) bundling, consolidation, and strategic sourcing; 2) the Small Business Administration’s (SBA) goaling methodology and processes; and 3) the jurisdiction and operation of SBA’s Office of Hearings and Appeals.

The witnesses for the hearing were: Mr. Joe Wynn, President, VETS Group, Inc., Washington, DC, on behalf of the VET-Force; Mr. Robert Burton, Partner, Venable LLP, Washington, DC; Mr. Alan Chvotkin, Executive Vice President and Counsel, Professional Services Council, Arlington, VA; and Mr. Damien Specht, Partner, Jenner & Block LLP, Washington, DC.

Mr. Wynn was concerned that many contracts which could otherwise be set aside for small businesses are being bundled together and awarded to larger companies. In addition, he said that large prime contractors face little to no repercussions for excluding small companies from their subcontracting plans. Mr. Burton focused his testimony on three points: 1) the current bundling regulations diminish the overall small business participation rate of federal procurements; 2) the lack of statutory authority for the SBA Office of Hearings and Appeals is problematic for small businesses because it reduces its independence from SBA; and 3) SBA’s exclusion from the FAR Council has been detrimental to small businesses. Mr. Chvotkin highlighted four issues with federal contracting: (1) strategic sourcing; (2) the imbalance in small business goal setting; (3) the need for improving the quality of existing data collections; and (4) the challenge of fully evaluating the effect of laws and regulations on small businesses. Mr. Specht supported the subcommittee’s efforts to increase transparency and reporting of data related to bundling. He urged the Subcommittee to look beneath the surface of overall small business participation numbers and judge whether these actions are consistent with stated small business policy goals.

HEARING: "CONTRACTING AND THE INDUSTRIAL BASE III: REVERSE AUCTIONS, VERIFICATION AND THE SBA'S ROLE IN RULEMAKING"

On March 19, 2015, the Subcommittee on Contracting and Workforce of the Committee on Small Business met in Room 2360 of the Rayburn House Office Building for a hearing titled "Contracting and the Industrial Base III: Reverse Auctions, Verification and the SBA's Role in Rulemaking." The hearing was the last of three hearings that examined the utilization of small businesses to support the industrial base. This hearing focused on: 1) reverse auctions other than those auctions for construction services; 2) the Small Business Administration (SBA) and the Department of Veterans Affairs' (VA) contracting programs for service-disabled veteran-owned small businesses (SDVOSBs); and 3) SBA's ability to implement and enforce its statutory functions with regard to the small business contracting.

The witnesses for the hearing were: Mr. Daniel I. Gordon, Senior Advisor, Government Procurement Law Program, The George Washington University Law School, Washington, DC; Ms. Amber Peebles, President, Athens Construction Group, Inc., Dumfries, VA, on behalf of Women Impacting Public Policy; Mr. Davy G. Leghorn, Assistant Director, National Veterans Employment & Education Division, The American Legion, Washington, DC; and Ms. Margot Dorfman, CEO, United States Women's Chamber of Commerce, Washington, DC.

Mr. Gordon praised the electronic reverse auction's benefits of savings, speed, and increased procurements for small businesses. In his experience, using FedBid to run these reverse auctions has been cost efficient and relieves federal agencies of many administrative, training, and technical duties associated with running reverse auctions. Ms. Peebles said that in the current system, contracting officers can close an auction with only seconds remaining, and the auction site is not suitable for complex bidding. In addition to these issues, she believes that strategic sourcing efforts by the federal government erode the small business industrial base. Mr. Leghorn was also skeptical of reverse auctions, reporting that they decrease quality, decrease opportunities for veteran business owners, and do not allow the federal government to buy products at the market price. He submitted a seven point list of suggestions to improve the current reverse auction system, which included increasing outreach for veteran-owned businesses and eliminating the ability of the buyer to set a minimally acceptable price.

Ms. Dorfman's concerns with reverse auctions included the complexity of pricing, risk of defective products, and that low bidders may try to win a contract and then seek to make up lost profits through price adjustments. She was skeptical of SBA's implementation of the Women-Owned Small Business set-aside program, saying SBA ignored stakeholder input and the document system for firms seeking to access the program was overly complex.

HEARING: "IMPROVING CAPITAL ACCESS PROGRAMS WITHIN THE SBA"

On May 19, 2015, the Subcommittee on Economic Growth, Tax and Capital Access of the Committee on Small Business met in Room 2360 of the Rayburn House Office Building for a hearing ti-

titled “Improving Capital Access Programs within the SBA.” Specifically, the Subcommittee was interested in obtaining industry suggestions on improvements to the programs that would increase their effectiveness in assisting small firms seeking to obtain capital.

The witnesses were: Ms. Barbara A. Vohryzek, President and CEO, National Association of Development Companies, Washington, DC; Mr. Brett Palmer, President, Small Business Investor Alliance, Washington, DC; Mr. Rich Bradshaw, President of Specialized Lending, United Community Bank, Greenville, SC, testifying on behalf of the National Association of Government Guaranteed Lenders; and Mr. Brandon Napoli, Director of Microlending, Valley Economic Development Center, Van Nuys, CA.

Ms. Vohryzek testified that the Certified Development Company (CDC) program would be more effective if economic development were defined as well as allowing for commercial refinancing. Mr. Palmer discussed the need for and benefit of H.R. 1023, the Small Business Investment Company Capital Act of 2015, which would raise the amount of leverage available to Small Business Investment Companies (SBICs) under common control from \$225 million to \$350 million. Mr. Bradshaw stated that the 7(a) lenders were making more loans, but he had concerns that 7(a) loan program requests may exceed the lending cap set by Congress. Mr. Napoli discussed the evolution of the microloan program and the benefits that both technical assistance and these smaller loans provide to entrepreneurs.

HEARING: “SIZING UP SMALL BUSINESS: SBA’S FAILURE TO IMPLEMENT CONGRESSIONAL DIRECTION”

On June 4, 2015, the Subcommittee on Contracting and Workforce of the Committee on Small Business met in Room 2360 of the Rayburn House Office Building for a hearing titled “Sizing Up Small Business: SBA’s Failure to Implement Congressional Direction.” The hearing examined the Small Business Administration’s (SBA) failure to properly implement § 1661 of the National Defense Authorization Act for Fiscal Year 2013. Pursuant to the Small Business Act, the SBA is charged with providing size standards that define which businesses are small businesses for the purpose of a specific industry. Section § 1661 added requirements to the process by which SBA creates these size standards to ensure the process is properly implemented. Unfortunately, the SBA continues to promulgate size standards without following the § 1661 requirements.

The witnesses for the hearing were: Mr. Jim Fontana, Dempsey Fontana, PLLC, Reston, VA, on behalf of the Small Business Value Added Reseller Consortium; Mr. Stephen Charles, Co-Founder, Executive Vice President, immixGroup, Inc., McLean, VA; Mr. Ronald Reim, Executive Vice President, Oculus, Inc., St. Louis, MO, on behalf of the American Institute of Architects; and Mr. Roger Jordan, Vice President of Government Relations, Professional Services Council, Arlington, VA.

Mr. Fontana’s testimony focused on his concerns with proposed regulations by the SBA as well as his support for H.R. 1429, the Stronger Voice for Small Business Act of 2015. Mr. Charles ex-

pressed support for H.R. 1429 and H.R. 1481. He also stated that the current Information Technology Value Added Reseller exception in small business set-asides has restricted competition and small business participation in contracting. Mr. Reim discussed the current SBA size standards and said SBA should not consider architecture firms and engineering firms together because typically engineering firms are much larger. While Mr. Jordan supports the SBA's first large overhaul of the size standard methodology in over 30 years, he believes the SBA is ignoring the significant changes in the computer-related industry over the last 25 years.

HEARING: "SQUEEZED: CURRENT CHALLENGES FOR SMALL CITRUS OPERATIONS"

On June 11, 2015, the Subcommittee on Agriculture, Energy and Trade of the Committee on Small Business met in Room 2360 of the Rayburn House Office Building for a hearing titled "Squeezed: Current Challenges for Small Citrus Operations." The hearing examined how current challenges are affecting small growers and other small businesses in the United States citrus industry.

The United States is among the top citrus producing countries in the world. However, the United States' citrus acreage and production are declining due to pests, disease, and catastrophic weather events. Between the years 2000 and 2014, Florida citrus grove bearing acreage declined by 37 percent, from 750,000 acres to approximately 476,000 acres. In addition, United States citrus production has dropped by nearly half from 17.8 million tons in 1998 to 9.4 million tons in the 2014–2015 season.

Witnesses on the panel were: Mr. Kevin Severns, Owner, Severns Farms, Sanger, CA, on behalf of California Citrus Mutual; Mr. N. Larry Black, Jr., General Manager, Peace River Packing Company, Fort Meade, FL, on behalf of Florida Citrus Mutual; Mr. Dale Murden, President, Texas Citrus Mutual, Mission, TX; and Michael Rogers, Ph.D., Interim Director and Associate Professor, Citrus Research and Education Center, Institute of Food and Agriculture Sciences, University of Florida, Lake Alfred, FL.

The witnesses discussed the challenges that the citrus industries in their respective states were facing and what effects those challenges were having on small citrus growers and associated businesses. Mr. Severns described the devastating impact the drought and water policy in California are having on small citrus growers. The cost of water per acre/foot has risen from \$200 per acre/foot before the drought to as much as \$1,300 per acre/foot, a 650 percent increase, which has made growing citrus economically unviable. This is causing small growers to plow under their groves. Mr. Black discussed Huanglongbing (HLB), or "citrus greening," a bacterial disease that kills citrus trees and has devastated Florida's citrus crops and significantly increased the costs of producing an acre of citrus. Mr. Murden described the current Mexican fruit fly outbreaks in Texas that are ruining fruit and resulting in quarantines of the entire citrus growing region of South Texas. Finally, Dr. Rogers explained why it has been so difficult to detect and manage HLB effectively and discussed several promising short-term and long-term solutions that prolong the production life of infected citrus trees.

HEARING: "MANIPULATION AND FRAUD IN THE REPORTING OF VA
SMALL BUSINESS GOALS"

On June 23, 2015, the Subcommittee on Investigations, Oversight and Regulation of the Committee on Small Business and the Subcommittee on Oversight and Investigations of the Committee on Veterans' Affairs met in Room 334 of the Cannon House Office Building for a hearing titled "Manipulation and Fraud in the Reporting of VA Small Business Goals."

The witnesses for the hearing were: Mr. Jan Frye, Deputy Assistant Secretary and Senior Procurement Executive, Office of Acquisition and Logistics, Department of Veterans Affairs, Washington, DC; Mr. Thomas Leney, Executive Director, Office of Small and Disadvantaged Business Utilization, Department of Veterans Affairs, Washington, DC; Mr. John Shoraka, Associate Administrator, Office of Government Contracting and Business Development, Small Business Administration, Washington, DC; and Mr. Kevin Youel Page, Deputy Commissioner, Federal Acquisition Service, General Services Administration, Washington, DC.

Mr. Frye outlined many of the infractions that have occurred at the VA. He recounted a litany of transactions and unauthorized commitments that diverted funds from both taxpayers and veterans. Mr. Leney explained the VA's commitment to awarding contracts to small businesses. In FY 2013, over 36 percent of the agency's contracts went to small businesses. Mr. Shoraka discussed the small business contracting scorecard system. He also explained that in FY 2013, the federal government met the 23 percent goal for prime contracting dollars awarded to small businesses for the first time since 2005.

HEARING: "GSA'S PROPOSED TRANSACTIONAL DATA RULE AND ITS
EFFECT ON SMALL BUSINESSES"

On June 25, 2015, the Subcommittee on Contracting and Workforce of the Committee on Small Business met in Room 2360 of the Rayburn House Office Building for a hearing titled "GSA's Proposed Transactional Data Rule and its Effect on Small Businesses." The hearing examined the General Services Administration's (GSA) March 4, 2015 proposed rule on transactional data reporting and its effects on small contractors.

The witnesses for the hearing were: Ms. Sheila A. Armstrong, Partner, Morgan, Lewis & Bockius, LLP, Dallas, TX; Mr. Roger Waldron, President, The Coalition for Government Procurement, Washington, DC; Mr. John Stanford, Vice President, NextWin Services, Washington, DC, on behalf of Women Impacting Public Policy; and Mr. John Horan, Partner, McKenna Long & Aldridge, LLP, Washington, DC.

Ms. Armstrong outlined the proposed rule, saying it requires monthly reports from a variety of GSA contractors, including schedule contractors and those who hold indefinite delivery, indefinite quantity contractors, and government-wide acquisition contracts. Ms. Armstrong was concerned about the time requirements that would be imposed on contractors if this rule was implemented. Mr. Waldron agreed that the proposed rule has a substantial compliance burden, and said GSA miscalculated the estimated time to

complete the reports. He said this proposed rule would not ultimately provide GSA contracting officers with information to negotiate fair prices. Currently, price analysis is typically completed by looking at previous transactions. Mr. Stanford said aggregating price-related data should fall on GSA, not the private sector. He also believes that upgrading the systems to automatically collect this data would not only achieve the same end goal but also take the reporting burden off the private sector. Mr. Horan believes GSA underestimated how much time it would take to comply with the proposed rule. Furthermore, he explains that Mr. Stanford's proposed alternative idea was denied by GSA because the upgrade was too costly and unreliable.

HEARING: "MODERN TOOLS IN A MODERN WORLD: HOW APP TECHNOLOGY IS BENEFITING SMALL BUSINESSES"

On July 23, 2015, the Subcommittee on Health and Technology of the Committee on Small Business met in 2360 Rayburn House Office Building for a hearing titled "Modern Tools in a Modern World: How App Technology is Benefiting Small Businesses." The hearing examined how apps can improve businesses' day-to-day operations, increase efficiency, assist their marketing and outreach capabilities, and, ultimately, stimulate revenue and job growth.

The witnesses for the hearing were: Mr. Morgan Reed, Executive Director, ACT—The App Association, Washington, DC; Patricia G. Greene, Ph.D, Paul T. Babson Chair in Entrepreneurial Studies, Babson College, Babson Park, MA; Mr. David Barrett, CEO, Expensify, San Francisco, CA; and Ms. Cassie Gray, Owner, ShopClementine, Ashfield, MA.

In Chairwoman Radewagen's opening statement, she discussed this industry's importance for American innovation and noted that the app industry will continue to have a significant impact on the United States economy. Mr. Reed said he was confident the app industry will continue to have exponential growth. Ranking Member Moulton asked what Congress can do to help foster the app industry's continued growth. Ms. Gray observed that Congress should avoid placing barriers and ensure the internet continues to be a free and open venue for innovation.

Mr. Reed discussed the rapid growth of the mobile app industry and how app products like the Square Reader are helping improve small business commerce. He then explained that mobile app technology is helping the health industry promote individual health as well as small and independent health practices. Ms. Greene discussed her experience with the Goldman Sachs 10,000 Small Businesses and the 10,000 Women programs. She said the programs are designed to provide entrepreneurs an education in management, business support services and advising, as well as access to capital. Mr. Barrett discussed his mobile application, Expensify, and how it helps businesses of all sizes create easy to use expense reports on the road. He also gave recommendations to Congress on how to support the mobile app industry including creating awareness of the resources and benefits of apps, supporting the "gig" economy, simplifying internet tax, and encouraging crowdfunding and innovation. Ms. Gray provided a firsthand account of her experience as an entrepreneur in the jewelry industry that sells on

Etsy. She described how mobile apps have made her business more streamlined and accessible to more customers.

HEARING: "FINANCING MAIN STREET: HOW DODD-FRANK IS CRIPPLING
SMALL LENDERS AND ACCESS TO CAPITAL"

On September 17, 2015, the Subcommittee on Economic Growth, Tax and Capital Access of the Committee on Small Business met in Room 2360 of the Rayburn House Office Building for a hearing titled "Financing Main Street: How Dodd-Frank is Crippling Small Lenders and Access to Capital." The hearing examined the effects of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank) on small financial institutions and small business lending. It also reviewed whether regulations and other agency reactions to the 2008 financial crisis is now hindering business expansion by restricting the market for capital needed by small businesses.

The witnesses were: Mr. B. Doyle Mitchell, Jr., President and CEO, Industrial Bank, Washington, DC, on behalf of the Independent Community Bankers of America; Mr. Scott Eagerton, President and CEO, Dixies Federal Credit Union, Darlington, SC, on behalf of the National Association of Federal Credit Unions; Mr. Marshall Lux, Senior Fellow, Mossavar-Rahmani Center for Business and Government, John F. Kennedy School of Government, Harvard University, Cambridge, MA; and Julia Gordon, Esq., Senior Director, Housing and Consumer Finance, Center for American Progress, Washington, DC.

The witnesses provided testimony on the regulatory changes that have been promulgated as required by Dodd-Frank and the effect those have had on small business. Mr. Mitchell testified that the regulatory burden on his small community bank was fundamentally shifting the focus from "serving customers to struggling to stay on top of ever-changing rules and guidance." He said that Section 1071 of Dodd-Frank would have unintended consequences on small financial institutions. Mr. Eagerton discussed the need for Congress to reevaluate the effects of Dodd-Frank on credit unions and pushed for the Consumer Financial Protection Bureau to use its authority to exempt credit unions from rules. Mr. Lux stated that research demonstrates the regulatory burden of Dodd-Frank is hampering small financial institutions and correlates to a reduction in small business lending. Ms. Gordon opined that Dodd-Frank exempted several small financial institutions and that other factors, such as a decline in home equity and long-term bank consolidation, were the primary reasons for declines in small business lending.

HEARING: "THE BLACKLIST: ARE SMALL BUSINESSES GUILTY UNTIL
PROVEN INNOCENT?"

On September 29, 2015, the Subcommittee on Contracting and Workforce and the Subcommittee on Investigations, Oversight and Regulations of the Committee on Small Business met in Room 2360 of the Rayburn House Office Building for a joint hearing titled "The Blacklist: Are Small Businesses Guilty Until Proven Innocent?" The hearing examined the ramifications of the Department of Labor and Federal Acquisition Regulatory Council's implementa-

tion of Executive Order 13,673 for small business government contractors and subcontractors.

The witnesses for the hearing were: the Hon. Angela B. Styles, Chair and Partner, Crowell & Moring, Washington, DC; Mr. Theron M. Peacock, P.E., BSCP, Senior Principal/President, WOODS • PEACOCK Engineering Consultants, Alexandria, VA, on behalf of the American Council of Engineering Companies; Ms. Debbie Norris, Vice President, Human Resources, Merrick & Company, Greenwood Village, CO, on behalf of the Society for Human Resource Management; Mr. William J. Albanese, Sr., General Manager, A & A Industrial Piping, Inc., Fairfield, NJ, on behalf of the Mechanical Contractors Association of America and the Campaign for Quality Construction; the Hon. Anne Rung, Administrator, Office of Federal Procurement Policy, Office of Management and Budget, Washington, DC; and Mr. Lafe Solomon, Senior Labor Compliance Advisor, Office of the Solicitor, United States Department of Labor, Washington, DC.

Ms. Styles highlighted her concerns about the Executive Order's effect, including: high compliance costs; a flawed initial regulatory flexibility analysis, as required by the Regulatory Flexibility Act; and the Executive Branch's inability to provide the most basic rationale for the necessity of the Executive Order. Mr. Peacock discussed the Executive Order's reporting costs, as well as the potential for damage to the relationship between prime and subcontractors. Ms. Norris said the increased costs her company would face would ultimately result in costlier contracts with the federal government. Mr. Albanese supported the Executive Order, saying it promotes high workforce standards and complements a number of key government proprietary interests. Ms. Rung explained that the Administration tried to mitigate the Executive Order's effect on small business, including making contracts worth less than \$500,000 exempt from disclosure requirements. Mr. Solomon suggested alternatives to phase in the Executive Order.

HEARING: "THE CONSEQUENCES OF DOL'S ONE-SIZE-FITS-ALL OVERTIME RULE FOR SMALL BUSINESSES AND THEIR EMPLOYEES"

On October 8, 2015, the Subcommittee on Investigations, Oversight and Regulations of the Committee on Small Business met in Room 2360 of the Rayburn House Office Building for a hearing titled "The Consequences of DOL's One-Size-Fits-All Overtime Rule for Small Businesses and their Employees." The hearing focused on the Department of Labor's (DOL) Regulatory Flexibility Act analysis of the compliance costs and burdens this regulation would place on small entities and their employees as well as other concerns regarding the regulation itself.

The witnesses for the hearing were: Mr. Kevin Settles, President and CEO, Bardenay Restaurants and Distilleries, Boise, ID, on behalf of the National Restaurant Association; Mr. Ed Brady, President, Brady Homes Illinois, Bloomington, IL, on behalf of the National Association of Home Builders; Ms. Terry Shea, Co-Owner, Wrapsody, Inc., Bessemer, AL, on behalf of the National Retail Federation; and Mr. Ross Eisenbrey, Esq., Vice President, Economic Policy Institute, Washington, DC.

Mr. Settles testified that the proposed threshold in DOL's proposed overtime rule was inappropriate for the restaurant industry and criticized the DOL for not extending the comment period on the rule. Mr. Brady testified that the overtime rule does not take into account regional differences in pay and would hurt the construction industry by limiting flexibility for workers and forcing employers to reclassify salaried workers as hourly workers. He also said the rule would make it more difficult for his construction business to predict costs for pricing homes. Ms. Shea testified that an increase in overtime eligibility will not necessarily mean an increase in overtime pay for the workforce. Instead, it will result in containing managers to work a 40-hour week, which will take away their flexibility, both personally and operationally. She said that every dollar spent on compliance burdens is one less that she could have used to grow her business and invest further in her employees and community. Mr. Eisenbrey testified that the rule should have increased the threshold further.

HEARING: "MAXIMIZING MENTORING: HOW ARE THE SBA AND DOD MENTOR-PROTÉGÉ PROGRAMS SERVING SMALL BUSINESSES?"

On October 27, 2015, the Subcommittee on Contracting and Workforce met in Room 2360 of the Rayburn House Office Building for a hearing titled "Maximizing Mentoring: How are the SBA and DoD Mentor-Protégé Programs Serving Small Businesses?" The hearing examined: (1) how the Small Business Administration (SBA) is implementing changes made to its mentor-protégé programs of civilian agencies by Section 1347 of the Small Business Jobs Act of 2010 (Pub. L. No. 111-240), and Section 1641 of the National Defense Authorization Act for Fiscal Year 2013 (Pub. L. No. 112-239); (2) how the SBA and the Department of Defense (DoD) measure the effectiveness of mentor-protégé relationships; and (3) whether there are opportunities for increased collaboration between the SBA and DoD programs. The hearing also reviewed the findings of the Government Accountability Office that encouraged post agreement tracking of mentor-protégé relationships.

The witnesses for the hearing were: Mr. Kenyata Wesley, Acting Director, Office of Small Business Programs, United States Department of Defense, Alexandria, VA; and Mr. A. John Shoraka, Associate Administrator of Government Contracting and Business Development, Small Business Administration, Washington, DC.

Mr. Wesley expressed support for the mentor-protégé program, saying that it is a source of strategic advantage that helps the United States maintain world-class weapons systems. DoD has formed government-led working groups to facilitate further innovation and new ideas with DoD acquisition professionals. DoD would like to implement a tiered development plan that would perform compatibility tests in the hopes of matching small business partners with large defense contractors. Mr. Wesley also provided the Committee with a breakout of the mentor-protégé agreements currently in place. Mr. Shoraka explained the process the SBA has undertaken to implement a government-wide mentor-protégé program. At the time of the hearing, the comment period for the proposed rule had closed, and the SBA was drafting a final rule that would be sent to the Office of Management and Budget's Office of

Information and Regulatory Affairs for interagency review. The SBA believes that by expanding the mentor-protégé program, more small businesses would have access to contracting opportunities, resources to grow their businesses, and opportunities to create jobs in their communities.

HEARING: “AN EXAMINATION OF CONTINUED CHALLENGES IN VA’S
VETS FIRST VERIFICATION PROCESS”

On November 4, 2015, the Subcommittee on Contracting and Workforce of the Committee on Small Business and the Subcommittee on Oversight and Investigations of the Committee on Veterans’ Affairs met in Room 334 of the Cannon House Office Building for a hearing titled “An Examination of Continued Challenges in VA’s Vets First Verification Process.” This was a successor hearing to a March 19, 2013 joint hearing held by the Subcommittees titled “Consistently Inconsistent: Challenges for Service-Disabled Veteran-Owned Small Businesses.” This hearing provided an opportunity for the Subcommittees to receive an update on the status of the verification programs at the Department of Veterans Affairs (VA).

The witnesses for the hearing were: Mr. William Shear, Director, Financial Markets and Community Investment, United States Government Accountability Office, Washington, DC; Mr. Quentin Aucoin, Assistant Inspector General for Investigations, United States Department of Veterans Affairs, Washington, DC; and Mr. Tom Leney, Executive Director, Office of Small and Disadvantaged Business Utilization, United States Department of Veterans Affairs, Washington, DC.

Mr. Shear’s testimony focused on the changes the Government Accountability Office (GAO) has seen in the VA’s verification program. Specifically, Mr. Shear was concerned that the agency placed a higher priority on addressing immediate operational challenges over long-term strategic focus issues for the program. However, GAO discovered that recently veterans reported having better interactions with the program; denials have decreased from 66 percent in 2012 to 5 percent in 2015. Mr. Aucoin discussed fraud and abuse in the program which led to the investigation. For example, there were “pass through” schemes where non veteran-owned businesses were performing the majority of the contract and the Veteran-Owned Small Business (VOSB) was simply passing on the work to ineligible businesses. There were also cases of businesses falsely claiming that a veteran owned 51 percent or more of a business for advantages in bidding for federal contracts. Mr. Aucoin said he would continue to seek out weaknesses in the program to ensure that legitimate VOSBs have fair opportunity for federal contracts. Mr. Leney discussed the progress the VA has made in the verification program. For example, there have been improvements in educational outreach efforts designed to help veterans understand the requirements of the program. Mr. Leney also mentioned some of the differences between the VA’s verification process and the one used at the SBA. He said the biggest difference between the two programs is that in FY 2015, the VA made 4,500 determinations, while the SBA made only 40.

FIELD HEARING IN NEVADA: "REGULATORY OVERLOAD: THE EFFECTS OF FEDERAL REGULATIONS ON SMALL FIRMS"

On November 6, 2015, the Subcommittee on Investigations, Oversight and Regulations of the Committee on Small Business met in North Las Vegas City Hall in Las Vegas, NV, for a field hearing titled "Regulatory Overload: The Effects of Federal Regulations on Small Firms." The Subcommittee examined several federal regulations (either in development or that have been finalized) and their impacts on small businesses.

The witnesses for the hearing were: Mr. Spencer Hafen, President & CEO, Nevada Bank and Trust Company, Caliente, NV, on behalf of the Nevada Bankers Association; Ms. Robin E. Simmers, CEO, Pahrangat Valley Federal Credit Union, Alamo, NV, on behalf of the Nevada Credit Union League; Mr. David Jennings, Board Member, Southern Nevada Home Builders Association, Las Vegas, NV; and Mr. Mendis Cooper, General Manager, Overton Power District Number 5, Overton, NV, on behalf of the Nevada Rural Electric Association.

Mr. Hafen, a Nevada community banker, discussed new complicated financial regulations, such as those required by the Dodd-Frank Wall Street Reform and Consumer Protection Act and mortgage regulations, adversely affect small businesses. Ms. Simmers echoed many of the same regulatory concerns from the perspective of the credit unions. Mr. Jennings stated that regulations in the home building industry adversely affect small home builders because they cannot spread the burden of the cost as effectively as larger companies. Mr. Cooper addressed how emissions caps and right-of-way permits to build power infrastructure are both increasing costs for energy companies in Nevada.

HEARING: "CONTINUING CHALLENGES FOR SMALL CONTRACTORS"

On November 18, 2015, the Subcommittee on Contracting and Workforce of the Committee on Small Business met in Room 2360 of the Rayburn House Office Building for a hearing titled "Continuing Challenges for Small Contractors." The hearing began establishing a record of legislative reforms that were to be marked up for the Fiscal Year 2017 National Defense Authorization Act.

The witnesses for the hearing were: Ms. Anne Crossman, Head Revolutionary, Completed Systems, Oakton, VA, on behalf of Women Impacting Public Policy; Mr. Edward T. DeLisle, Partner and Co-Chair, Federal Contracting Group, Cohen Seglias Pallas Greenhall & Furman PC, Philadelphia, PA, on behalf of the Associated General Contractors of America; Mr. Michael D. Janeway, President and CEO, APG Technologies, LLC, Sterling, VA, on behalf of the National Small Business Association; and Ms. Karen Ward, President and CEO, WESSGRP, Fredericksburg, VA, on behalf of the U.S. Women's Chamber of Commerce.

Ms. Crossman noted that the length of time between the Request for Proposal and contract award date adversely affects small contractors, since many small contractors require teaming and working with competitors as partners. She strongly urged greater transparency for federal agency scorecards. Mr. DeLisle asked that prime contractors be allowed to report small business subcon-

tracting at all tiers when reporting subcontracting goals. Mr. Janeway warned that subcontracting plans are rarely met because the federal government does not enforce these goals on prime contractors. Ms. Ward stressed a “maximum practical opportunity” that would ensure the money allocated to subcontractors was adequate for the work that would be performed. Chairman Hanna agreed with many of the witnesses’ testimony, saying subcontracting goals are being used to paint a rosy picture rather than to capture reality.

HEARING: “IMPROVING SIZE STANDARDS FOR SMALL FARMERS AND RANCHERS”

On November 19, 2015, the Subcommittee on Agriculture, Energy, and Trade of the Committee on Small Business met in Room 2360 of the Rayburn House Office Building for a hearing titled “Improving Size Standards for Small Farmers and Ranchers.” The hearing examined H.R. 3714, the Small Agriculture Producer Size Standards Improvements Act of 2015, which was introduced by Representative Mike Bost on October 8, 2015.

The witnesses for the hearing were: Rep. Mike Bost, United States House of Representatives, Washington, DC; Nicholas D. Paulson, Ph.D., Associate Professor, Agricultural and Consumer Economics, University of Illinois at Urbana-Champaign, Urbana, IL; Mr. Jeff Beasley, Co-owner, Beasley & Sons Livestock, Creal Springs, IL, on behalf of the National Cattlemen’s Beef Association; Mr. Larry Burgin, Owner, Mushkoday Farm, Delhi, NY, on behalf of the National Council of Farmer Cooperatives; and Mr. Robert Guenther, Senior Vice President, Public Policy, United Fresh Produce Association, Washington, DC.

Mr. Bost stated that because of relatively low commodity prices, thin margins, increased land costs, and other factors, the current income-based agriculture size standard of \$750,000 needs revision. Dr. Paulson highlighted the inflation figures since the size standard was last updated 15 years ago. Mr. Beasley gave a firsthand account of his family’s farm and how huge spikes in the cost of land, the price of products, and the average value of farm equipment results in family farms frequently exceeding the size standard and are therefore ineligible for Small Business Administration loan programs. Mr. Burgin discussed how the nation’s dairy industry is adversely affected by the current agriculture size standards. Mr. Guenther explained that produce operations are also concerned about the ineffectiveness of the current size standards.

HEARING: “EMPLOYERS OF CHOICE: HOW THE TAX EXTENDER DEBATE WILL AFFECT SMALL BUSINESS”

On December 3, 2015, the Subcommittee on Economic Growth, Tax and Capital Access held a hearing titled “Employers of Choice: How the Tax Extender Debate Will Affect Small Business.” The hearing addressed certain tax policies, including the seemingly annual tax extender debate that affects the ability of small firms to attract and retain employees.

The witnesses for the hearing were: Mr. Jason Duff, Founder and CEO, Bellefontaine Ohio Properties, Ltd., Huntsville, OH, on behalf of the Small Business and Entrepreneurship Council; Mr. Todd

Kriegel, CEO, Global Precision Parts, Inc., Van Wert, OH, on behalf of the Precision Machined Products Association; Mr. Rich Shavell, CPA, CVA, CCIFP, President, Shavell & Company, P.A., Boca Raton, FL, on behalf of the Associated Builders and Contractors; and Thomas J. Nichols, Esq., Meissner Tierney Fisher & Nichols S.C., Milwaukee, WI, on behalf of the S Corporation Association.

Mr. Duff testified that practical and stable expensing levels in the tax code are vital to small firms. He said businesses like his have been planning and operating under the outdated Section 179 expensing level of \$25,000 instead of the increased levels of previous years and the uncertainty of what the level will be severely affects his investment decisions. Mr. Kriegel said he believes that small businesses can continue driving the economy and serve as the backbone of our nation, but Washington's inaction on comprehensive tax reform and the continued expiration of key tax provisions creates a globally uncompetitive environment for small businesses manufacturing in America. Mr. Shavell stated that small businesses are the employer of choice for most Americans, but without a commitment by Congress to comprehensive tax reform and the elimination of the uncertainty of the tax extender debate, this status may be soon jeopardized. Mr. Nichols stated that in recent years, compliance with the income tax system has been made much more difficult for his clients without any apparent offsetting positive revenue impact for the government. He stressed simplicity and permanence as two key issues Congress should focus on within the tax reform debate.

HEARING: "SUPPORTING SUCCESS: EMPOWERING SMALL BUSINESS ADVOCATES"

On December 19, 2015, the Subcommittee on Contracting and Workforce of the Committee on Small Business met in Room 2360 of the Rayburn House Office Building for a hearing titled "Supporting Success: Empowering Small Business Advocates." The hearing was a part of the Subcommittee's ongoing effort to improve the viability of small contractors, and examine how small business advocates at the Small Business Administration (SBA) and at other federal agencies support small business success.

The witnesses for the hearing were: the Hon. Angela B. Styles, Chair and Partner, Crowell & Moring LLP, Washington, DC, testifying on behalf of the Defense Industry Initiative on Business Ethics and Conduct; Mr. Davy G. Leghorn, Assistant Director, National Veterans Employment and Education Division, The American Legion, Washington, DC; Ms. ML Mackey, Chief Executive Officer, Beacon Interactive Systems, Cambridge, MA, testifying on behalf of the National Defense Industrial Association; and Ms. Tracy Balazs, Founder, President and Chief Executive Officer, FSR, Annapolis, MD, testifying on behalf of US Pan Asian American Chamber of Commerce.

Ms. Styles testified that it is difficult for even the largest of federal contractors to understand and comply with the myriad of complex federal regulations, let alone small businesses. Mr. Leghorn spoke about the challenge of government contracting for veterans and service-disabled veterans. Specifically, he stressed the dif-

ferences between procurement policy at the SBA and the Department of Veterans Affairs as well as the abuse and lack of accountability in federal government purchase cards. Ms. Mackey supports the Committee's efforts to correct these issues and said the Committee's federal procurement legislation in the Fiscal Year 2016 National Defense Authorization Act will help to ensure a fairer acquisition system. Finally, Ms. Balazs testified that sometimes the SBA can struggle ensuring interpretations of standardized policies are the same throughout the agency. She explained that this lack of attention to detail can sometimes be detrimental to fragile small businesses.

HEARING: "SBA'S OFFICE OF INTERNATIONAL TRADE: GOOD FOR BUSINESS?"

On January 11, 2016, the Subcommittee on Agriculture, Energy and Trade of the Committee on Small Business met in room 2360 of the Rayburn House Office Building for a hearing titled "SBA's Office of International Trade: Good for Business?" The hearing examined efforts by the Small Business Administration's (SBA) Office of International Trade (OIT) to increase exports and promote United States small businesses' participation in international trade. Small businesses offer a tremendous opportunity to increase American exports. The United States Department of Commerce continues to serve as the primary conduit for American businesses seeking international market opportunities. However, in 2010 Congress directed the SBA to increase its role in export activities, including export counseling and financing.

The witness for the hearing was Ms. Eileen Sanchez, Associate Administrator, Office of International Trade, United States Small Business Administration, Washington, DC.

In her testimony, Ms. Sanchez explained some of the accomplishments of OIT. In Fiscal Year 2015, SBA guaranteed \$1.45 billion in loans to 1,513 small business exporters. Ms. Sanchez also highlighted the office's improvements to the State Trade and Export Promotion, or STEP program. In FY 2015, the SBA awarded \$17.4 million in STEP grants to 40 states, which aimed to help small businesses further integrate with foreign markets through training and trade missions. Furthermore, the office collaborated with the U.S. Trade Representative on both the Trans-Pacific Partnership and the Transatlantic Trade and Investment Partnership to ensure that small business concerns are met during current trade negotiations. She ended her testimony assuring the committee that the office is committed to helping small businesses compete in international markets. Chairman Curbelo thanked Ms. Sanchez for testifying and noted that in the era of limited budgets, the Committee needs proof that OIT's mission is realized.

HEARING: "OVERSIGHT OF THE OFFICE OF INVESTMENT AND INNOVATION AT SBA"

On January 12, 2016, the Subcommittee on Health and Technology of the Committee on Small Business met in Room 2360 of the Rayburn House Office Building for a hearing titled "Oversight of the Office of Investment and Innovation at SBA." The Office of Investment and Innovation (OII) administers the Small Business

Innovation Research (SBIR) and Small Business Technology Transfer (STTR) programs in addition to the Small Business Investment Company (SBIC) Program. OII also administers several SBA-created programs (not specifically authorized in the Small Business Act or Small Business Investment Act of 1958) such as the SBIC Impact Fund, SBIC Early Stage Fund, and the Growth Accelerator Fund Competition.

The witness for the hearing was Mr. Mark Walsh, Associate Administrator, Office of Investment and Innovation, Small Business Administration, Washington, DC. Accompanying Mr. Walsh were Mr. John Williams, Director, Innovation and Technology, Small Business Administration, Washington, DC, and Ms. Carol Fendler, Director, Licensing and Programming Standards, SBIC Program, Small Business Administration, Washington, DC.

Mr. Walsh shared several success stories of businesses that utilized OII programs to build their businesses. Members of the Subcommittee pressed the witnesses on the results of an exhaustive Government Accountability Office (GAO) report that stated the SBA had serious management problems. Mr. Walsh stated that OII would make it a priority to address the 11 of 69 recommendations made by the GAO over the course of several years that the SBA had ignored. Mr. Williams said that he would do his best to deliver the statutorily mandated annual reports for the SBIR and STTR programs that have been in arrears for each of the last 3 years. Ms. Fendler stated that OII would make a concerted effort to update the SBA's standard operating procedures as they pertain to the SBIC program.

HEARING: "SBA MANAGEMENT REVIEW: OVERSIGHT OF SBA'S
ENTREPRENEURIAL DEVELOPMENT PROGRAMS"

On February 2, 2016, the Subcommittee on Economic Growth, Tax and Capital Access of the Committee on Small Business met in Room 2360 of the Rayburn House Office Building for a hearing titled "SBA Management Review: Oversight of SBA's Entrepreneurial Development Programs." At the specific direction of Congress, the Small Business Administration (SBA or Agency) operates programs to provide outreach and technical assistance to small businesses such as: the Small Business Development Center (SBDC) Program; SCORE Program; Women's Business Center (WBC) Program; and Veterans Business Outreach Center (VBOC) Program. In addition, using its general authority to aid small businesses, the SBA also creates initiatives that frequently duplicate those that Congress has specifically directed the Agency to implement.

The Committee, on a bipartisan basis, has criticized the efforts to divert funds and agency resources from the statutorily authorized programs to SBA-created initiatives. Prior to the hearing, the Government Accountability Office released a report on the operation of the SBA, and found numerous deficiencies in SBA management. As a follow-up to the study, this hearing examined SBA's entrepreneurial development programs and whether improvements within the Office of Entrepreneurial Development (OED) and the Office of Veterans Business Development are necessary to ensure

that the SBA is effective in helping small businesses without wasting federal funds through the operation of duplicative programs.

The witnesses for the hearing were: Ms. Tameka Montgomery, Associate Administrator, Office of Entrepreneurial Development, Small Business Administration, Washington, DC; and Ms. Barb Carson, Associate Administrator, Office of Veterans Business Development, Small Business Administration, Washington, DC.

At the hearing, Subcommittee Chairman Huelskamp questioned Ms. Montgomery about the Entrepreneurial Development Management Information System (EDMIS), the database used by SBA to track performance metrics for entrepreneurial programs that had recently suffered an upgrade failure. Ms. Montgomery stated that there was no current contract and that a prior contract of about \$1 million dollars that was stopped when it was determined that the system being developed would not be effective. Chairman Huelskamp raised concerns that OED was not gathering performance metrics needed to evaluate the programs and that the roughly \$1 million dollars had been wasted. Rep. Trent Kelly asked Ms. Carson about the absence of performance metrics for programs aimed at assisting veterans. She stated that the SBA had just established a system to record data on the Boots to Business Program, a SBA-created initiative, and expected to have data the next month. Chairman Huelskamp concluded the hearing by reiterating the request for the SBA to provide the Committee the performance metrics and data the SBA is using to evaluate its programs to ensure that scarce taxpayer dollars are being spent carefully on effective programs with proven metrics.

HEARING: "SBA MANAGEMENT REVIEW: OFFICE OF GOVERNMENT
CONTRACTS AND BUSINESS DEVELOPMENT"

On February 3, 2016, the Subcommittee on Contracting and Workforce of the Committee on Small Business met for a hearing titled "SBA Management Review: Office of Government Contracts and Business Development." This hearing examined the Office of Government Contracts and Business Development (GCBD) and the personnel in the Office of Field Operations assigned to GCBD programs at the Small Business Administration (SBA).

GCBD oversees size standards, contracting policy, the small business contracting program, the 8(a) Business Development Program, the HUBZone program, the Women-Owned Small Business program, the Economically-Disadvantaged Women-Owned Small Business program, the Service-Disabled Veteran-Owned Small Business Program, and other programs.

The witness for the hearing was John Shoraka, Associate Administrator, Office of Government Contracts and Business Development, United States Small Business Administration, Washington, DC.

Mr. Shoraka highlighted many of the initiatives the federal government has made to promote small business contracting as well as the successes small businesses have recently achieved in the federal marketplace. For example, in FY 2013 and 2014, the federal government exceeded the 23 percent small business contracting procurement goal, and estimated that they would also reach that goal in FY 2015. Furthermore, his office said the federal govern-

ment was on track to meet the Women-Owned Small Business goal of 5 percent for the first time since the program's inception. Mr. Shoraka has also sought to improve contracting opportunities for small businesses by implementing recommendations made by both the Government Accountability Office and the SBA Inspector General.

HEARING: "EXPORT CONTROL REFORM: CHALLENGES FOR SMALL BUSINESS? (PART I)"

On February 10, 2016, the Subcommittee on Agriculture, Energy and Trade of the Committee on Small Business met in Room 2360 of the Rayburn House Office Building for a hearing titled "Export Control Reform: Challenges for Small Business? (Part I)." The purpose of the hearing was to receive testimony on the ongoing Export Control Reform Initiative (ECR Initiative) and the implications for America's small exporters.

The witnesses for the hearing were: Ms. Andrea Appell, Director, BPE Global, San Francisco, CA; Ms. Jennifer Robertson-Ahrens, President, Robertson Forwarding Company, Miami, FL; Mr. Craig T. Ridgley, Vice President and Managing Partner, Trade Compliance Group, Washington, DC; and Greg Quarles, Ph.D., Chief Scientist, The Optical Society, Washington, DC.

Ms. Appell outlined the Export Control Reform Initiative and described some of the issues her company has experienced during the implementation. Specifically, she mentioned that her clients struggle with missing, incomplete, or contradictory definitions of underlying export principles. Ms. Robertson-Ahrens also stressed concerns regarding this transition process, most notably delays at Customs and Border Protection and confusion surrounding new classification of certain items. Mr. Ridgley echoed this confusion, and said small businesses are disproportionately affected by export controls. He also said a survey of small- and medium-sized enterprises would be beneficial to see what specifically has inhibited small firms during this process. Finally, Dr. Quarles advocated for simplifying the currently confusing regulatory process. He also warned that the upcoming export control rule changes to be finalized in the International Traffic in Arms Regulations (ITAR) and U.S. Munitions List (USML) Category XII will generate confusion, and need to be clarified through seminars.

HEARING: "OVERSIGHT OF THE OFFICE OF ADVOCACY AND THE OFFICE OF THE NATIONAL OMBUDSMAN AT THE SBA"

On February 10, 2016, the Subcommittee on Investigations, Oversight and Regulations of the Committee on Small Business met for a hearing titled "Oversight of the Office of Advocacy and the Office of the National Ombudsman at the SBA." The hearing examined the Office of the Chief Counsel for Advocacy (Office of Advocacy) and the Office of the Small Business and Agriculture Regulatory Enforcement Ombudsman (Office of the National Ombudsman) within the Small Business Administration (SBA).

The Office of Advocacy is housed within but independent from the SBA and managed by the Chief Counsel for Advocacy, a Senate-confirmed, Presidential appointee. Its primary mission is to independently represent the interests of small businesses as new

regulations are developed. It mainly does so by monitoring agency compliance with the Regulatory Flexibility Act of 1980 (RFA) and reporting to Congress annually. The Office of the National Ombudsman at SBA is managed by the Small Business and Agriculture Regulatory Enforcement Ombudsman, who is appointed by the SBA Administrator. The Office of the National Ombudsman was created to help reduce incidents of excessive and abusive enforcement actions by federal agencies and its primary duty is to give small businesses an opportunity to confidentially comment on agency regulatory enforcement activities.

The witnesses for the hearing were: The Honorable Darryl L. DePriest, Chief Counsel for Advocacy, Small Business Administration, Washington, DC; and Rear Admiral Earl L. Gay, USN (Ret.), Small Business and Agriculture Regulatory Enforcement Ombudsman, Small Business Administration, Washington, DC.

The hearing focused on management challenges that both offices have confronted and RFA compliance issues the Office of Advocacy raised in comment letters in Fiscal Year (FY) 2015. Mr. DePriest reported on the Office of Advocacy's efforts to ensure federal agencies complied with the RFA in FY 2015. During that time, the office hosted 21 roundtables on a wide variety of regulatory proposals and sent 28 comments letters to 15 different agencies that raised RFA compliance concerns. He noted that the Office of Advocacy's efforts resulted in cost savings for small businesses, greater consideration of small business concerns, and improved compliance with the RFA. Admiral Gay discussed the Office of the National Ombudsman's efforts to ensure existing regulations are fairly enforced. During FY 2015, the office conducted more than 80 outreach events, 4 regional regulatory fairness hearings, and 1 national hearing in Washington, DC. He also committed to ensuring that the Office of the National Ombudsman adheres to statutory requirements in selecting small business owners, operators and officers to serve on Regional Regulatory Fairness Boards. At the conclusion of the hearing, Chairman Hardy stated that the Subcommittee will continue to closely monitor both offices' activities and work to ensure that all federal agencies comply with the RFA.

FIELD HEARING IN NEW YORK: "OVERCOMING EXPORTING CHALLENGES FOR SMALL BUSINESSES"

On February 22, 2016, the Subcommittee on Agriculture, Energy and Trade of the Committee on Small Business met at Bramson Ort College in Forest Hills, New York for a field hearing titled "Overcoming Exporting Challenges for Small Businesses." The hearing examined the hurdles that small businesses face in entering the international trade arena and the steps policymakers can take to increase exports and expand the role of United States small businesses in global markets.

The witnesses for the hearing were: Mr. Pascual Castano, Business Advisor, NYS SBDC, Brooklyn, NY; and Ms. Toni Corsini, NY/NJ Regional Manager, Office of International Trade, Small Business Administration, New York, NY.

The hearing focused on government programs in New York that facilitate exports. Mr. Castano outlined the role of the New York Small Business Development Center and their current initiatives.

Ms. Corsini detailed the efforts of her office to assist New York and New Jersey small business exporters. She noted that in 2015, through the State Trade and Export Promotion program, New York and New Jersey were operating with grants of \$664,000 for New York and \$498,000 for New Jersey. Chairman Chabot emphasized that trade is a mechanism for small business growth, stating that new opportunities will be created for small businesses as other nations continue to grow and develop their economies and that small businesses have the most to gain from increased trade.

HEARING: "HOTLINE TRUTHS: ISSUES RAISED BY RECENT AUDITS OF
DEFENSE CONTRACTING"

On February 25, 2016, the Subcommittee on Contracting and Workforce of the Committee on Small Business met in Room 2360 of the Rayburn House Office Building for a hearing titled "Hotline Truths: Issues Raised by Recent Audits of Defense Contracting." As part of the Subcommittee's ongoing efforts to identify waste, fraud and abuse in federal contracting and to ensure that small contractors have the opportunity to compete, the Subcommittee heard from the Department of Defense Inspector General (DODIG) concerning the results of two recent audits it conducted.

The witnesses for the hearing were: Mr. Michael Roark, Assistant Inspector General for Contract Management and Payments, Office of the Inspector General, Department of Defense, Alexandria, VA; and Mr. Chuck Spence, President, Association of Procurement Technical Assistance Centers, Salt Lake City, UT.

Mr. Roark outlined his office's audits of the Marine Corps Regional Contracting Office-National Capital Region (RCO-NCR) and the Marine Corps Systems Command (MCSC). He addressed whether the Marine Corps awarded a sufficient number of contracts and whether they held large prime contractors accountable for meeting small business subcontracting goals. Mr. Roark concluded by saying that RCO-NCR and MCSC contracting officials did not ensure that prime contractors provided small businesses adequate subcontracting opportunities. Therefore, the DODIG gave recommendations to both offices in order to ensure that they improve subcontracting goal compliance.

Mr. Spence agreed that federal agencies frequently fail to ensure subcontracting goals are met. He believes H.R. 4341, introduced by Chairman Chabot and Ranking Member Velázquez is a positive step by, "clarifying the language and definitions of contracting provisions in the Small Business Act—as well as promoting greater transparency in goaling and accountability in execution." He also provided his own recommendations toward improving small business subcontracting goals, most notably, increasing the size of SBA's Procurement Center Representatives and Commercial Market Representatives.

Chairman Hanna concluded the hearing by emphasizing the importance of meeting subcontracting goals, saying that if they are unable to be met, the acquisition process is in question.

FIELD HEARING IN MASSACHUSETTS: “COMMERCIALIZING ON INNOVATION: REAUTHORIZING THE SMALL BUSINESS INNOVATION RESEARCH AND SMALL BUSINESS TECHNOLOGY TRANSFER PROGRAMS PART II”

On March 8, 2016 at the Lynn Council Chambers in Lynn, MA, the Subcommittee on Contracting and the Workforce of the Committee on Small Business met for a field hearing titled “Commercializing on Innovation: Reauthorizing the Small Business Innovation Research and Small Business Technology Transfer Programs Part II.” Acting Chairman Richard Hanna gavelled the hearing to order and yielded to Ranking Member Seth Moulton. This hearing was the second of two hearings the Committee conducted examining reauthorization and potential improvements to the Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) programs.

The witnesses for the hearing were: Ms. Ann Eskesen, President, Innovation Development Institute LLC, Swampscott, MA; B. David Green, Ph.D., President and CEO, Physical Sciences Inc., Andover, MA; Charles E. Kolb, Ph.D., President, Aerodyne Research, Inc., Billerica, MA; and Mr. Walter M. (Jerry) Bird, President, MassVentures, Boston, MA.

Ms. Eskesen started the hearing by talking about her prior involvement in developing, passing, and implementing the original SBIR legislation more than 30 years ago. She illustrated the program’s successes through several charts, and advocated for the reauthorization of the program. Dr. Green not only advocated for SBIR’s renewal, but also gave recommendations on how to improve it. Specifically, he asked to increase the percentage of federal agency R&D SBIR funding from three percent to five percent over the next decade. Dr. Kolb recounted his company’s research successes made possible through SBIR, saying from 2000 to 2015 products made through the program’s funding have earned \$80 million in sales. Mr. Bird discussed his company’s successful START program, which provides up to three additional years of funding for SBIR/STTR projects. He said that the START program should serve as a national model for how to best utilize the SBIR/STTR programs.

HEARING: “RISKY BUSINESS: EFFECTS OF NEW JOINT EMPLOYER STANDARDS FOR SMALL FIRMS”

On March 17, 2016, the Subcommittee on Investigations, Oversight and Regulations of the Committee on Small Business met in Room 2360 of the Rayburn House Office Building for a hearing titled “Risky Business: Effects of New Joint Employer Standards on Small Firms.” The hearing examined the consequences of new federal joint employer standards for small businesses.

In 2015, the National Labor Relations Board (NLRB) announced a revised joint employer standard in *Browning-Ferris Industries of California, Inc. (Browning-Ferris)* for the purposes of the National Labor Relations Act (NLRA). In 2016, the Department of Labor (DOL) issued guidance to explain when two separate employers could be deemed joint employers and found jointly liable for the purposes of the Fair Labor Standards Act and the Migrant and Seasonal Worker Protection Act. Small and large businesses in variety of business relationships—user-supplier, contractor-subcon-

tractor, franchisor-franchisee, and others—could be held liable for another business’s compliance with federal labor laws if they are determined to be a joint employer.

The witnesses for the hearing were: Mr. Vinay Patel, President and CEO, Fairbrook Hotels, Chantilly, VA, on behalf of the Asian American Hotel Owners Association; Mr. Danny Farrar, CEO and Founder, SoldierFit, Frederick, MD, on behalf of the Coalition to Save Local Businesses; Mr. Harris Freeman, Professor of Legal Research and Writing, Western New England School of Law, Springfield, MA; and Mr. Kurt Larkin, Partner, Hunton & Williams LLP, Richmond, VA.

The panel discussed the new joint employer standards and the ramifications for small businesses. Mr. Patel stated that the new NLRB joint employer standard threatens the franchise business model because franchisors will assert control over the day-to-day operations of their franchisees as they seek to mitigate potential liability. In addition, he said the DOL has created a regime based on an ambiguous standard of “economic realities” which reflects a mangled understanding of how hotels such as his operate. Mr. Farrar stated that the NLRB joint employer standard, which is based on indirect or unexercised reserved control, is vague and jeopardizes business partnerships in numerous industries. Mr. Farrar also said as a small franchisor he was unsure how much help he could provide to his franchisees without running afoul of the new standard because it is unclear. Mr. Freeman stated that the NLRB acted within its authority in announcing the new joint employer standard. Mr. Larkin described how the new NLRB joint employer standard is a significant departure from decades of established precedent and is both theoretically limitless and practically unworkable. Furthermore, he stated that uncertainty created by the new standard will have unintended legal consequences and negative economic effects, as firms struggle to understand their potential liability under the standard. In closing the hearing, Chairman Hardy vowed to continue working to address the confusion and challenges that the new joint employer standards are creating for small businesses.

HEARING: “LIP SERVICE BUT LITTLE ELSE: FAILURE OF THE SMALL BUSINESS HEALTH INSURANCE TAX CREDIT”

On March 22, 2016, the Subcommittee on Economic Growth, Tax, and Capital Access of the Committee on Small Business met in Room 2360 of the Rayburn House Office Building for a hearing titled “Lip Service but Little Else: Failure of the Small Business Health Insurance Tax Credit.” The hearing examined the small business health insurance tax credit enacted as part of the Patient Protection and Affordable Care Act of 2010.

The Subcommittee examined the efficacy of the small business health insurance tax credit, which was intended to provide an incentive for small employers to provide health insurance and to make insurance more affordable. The credit was available for tax years beginning after December 31, 2009. The United States Government Accountability Office (GAO) released a report in May 2012 examining the credit and its utility in promoting employer-provided health insurance coverage in small businesses. A subsequent GAO

study released in March 2015 in conjunction with this hearing updated some of the relevant data. The hearing examined whether the credit was effective and analyzed the factors that contributed to its ultimate performance.

The witnesses for the hearing were: Mr. James McTigue, Jr., Director, Strategic Issues, United States Government Accountability Office, Washington, DC; Mr. Harold Jackson, Executive Chairman, Buffalo Supply, Inc., Lafayette, CO, on behalf of the U.S. Chamber of Commerce; Ms. Holly Wade, Director, Research & Policy Analysis, NFIB Research Foundation, Washington, DC; and Mr. Michael Ricco, Quality Manager, AEEC, LLC, Reston, VA, on behalf of the U.S. Women's Chamber of Commerce.

At the hearing, a single panel of private sector witnesses detailed a number of problems with the credit's design and how they contributed to its very low usage. Mr. McTigue discussed GAO's findings regarding the under-utilization of the Small Employer Health Insurance Tax Credit. He said that underutilization was due to a lack of awareness of the credit, costs, complexity, and the fact that few small employers qualify for the maximum credit amount. Mr. Jackson gave a firsthand account of his company's struggle to continue to provide employee health benefits as well as his struggle and ultimate failure to claim the Small Employer Health Insurance Tax Credit. Ms. Wade claimed the tax credit is ineffective for four reasons: (1) It was offered to businesses least likely to offer health insurance; (2) its complexity; (3) its temporary nature; and (4) its narrow eligibility requirements. Mr. Ricco agreed that the eligibility standards are too narrow, and that his business was ineligible for a number of reasons.

FIELD HEARING IN CALIFORNIA: "CHALLENGES FOR SMALL DEFENSE CONTRACTORS"

On April 5, 2016, the Subcommittee on Contracting and Workforce of the Committee on Small Business met in the City Council Chambers of Palmdale City Hall Chamber Room in Palmdale, CA for a field hearing titled "Challenges for Small Defense Contractors." The hearing examined the opportunities and the challenges in doing business with the Department of Defense.

The witnesses for the hearing were: Mr. Don Rhea, Vice President, Clancy JG International, Lancaster, CA; Ms. Virginia Villa, Owner, West Pacific Electric Company, Lemoore, CA; and Mr. Kirk Flittie, General Manager, Unmanned Systems, Simi Valley, CA.

Mr. Rhea stressed the importance of small businesses applying for prime government contracts, but warned that their ability to do so is diminishing. Ms. Villa told the Subcommittee that small businesses have huge growth potential in the defense contracting industry, and they should not be forced to simply ride the "coat tails" of large businesses just to get an opportunity to bid. Mr. Flittie described his experience as a prime contractor for the Department of Defense. Rep. Knight, who chaired the hearing, agreed with the witnesses that small contractors play a vital role in defense contracting. He said a strong defense industrial base is critical to both our national security and our economy and a strong industrial base is only strong when it comprises a robust and active small business component.

FIELD HEARING IN CALIFORNIA: “BRIDGING THE GAP—INCREASING
ACCESS TO VENTURE CAPITAL FOR SMALL BUSINESSES”

On April 5, 2016, the Subcommittee on Economic Growth, Tax, and Capital Access of the Committee on Small Business met in the City Council Chambers of Pasadena City Hall in Pasadena, CA for a field hearing titled “Bridging the Gap—Increasing Access to Venture Capital for Small Businesses.” The hearing examined the challenges faced by entrepreneurs looking to obtain venture capital (VC), with a particular focus on entrepreneurs typically underserved by the venture capital community.

The witnesses for the hearing were: Ms. Jeri J. Harman, Managing Partner & CEO, Avante Mezzanine Partners, Los Angeles, CA, on behalf of the Small Business Investor Alliance; Ms. Renée LaBran, General Partner, Rustic Canyon/Fontis Partners, Senior Advisor, Idealab, Pasadena, CA; Ms. Louise J. Wannier, Board Member/Advisory Services, True Roses, Inc., Pasadena, CA; and Ms. Laura Yamanaka, President, teamCFO, Inc., Los Angeles, CA testifying on behalf of the National Women’s Business Council.

Ms. Harman’s testimony first described how her company, Avante Mezzanine Partners, provides debt and equity for high quality, lower middle market businesses. She then went on to discuss the SBIC program and how it fills a need for capital for small businesses that cannot be called back on a moment’s notice. Ms. LaBran discussed some of the issues women in VC face. Specifically, the number of women partners in VC fell from 10 percent to 6 percent between 1999 and 2013. Ms. Wannier echoed Ms. LaBran’s testimony, saying that a “higher proportion of women-founded businesses succeed than do those started by men, yet women are unrepresented significantly in the proportion of venture capital financings both in number and average amount invested over the lifetime of a venture.” Ms. Yamanaka provided a potential remedy to the gender disparity reported by the previous witnesses, saying that “venture capital firms with female partners are reportedly two and one half times more likely to invest in companies with women on the management team.” Representative Knight agreed with the witnesses that business of all types should have a fair shot at getting access to capital.

HEARING: “KEEP IT SIMPLE: SMALL BUSINESS TAX SIMPLIFICATION
AND REFORM, MAIN STREET SPEAKS”

On April 13, 2016, the Subcommittee on Economic Growth, Tax and Capital Access of the Committee on Small Business met in Room 2360 of the Rayburn House Office Building for a hearing titled “Keep It Simple: Small Business Tax Simplification and Reform, Main Street Speaks.” The hearing focused on some of the most egregious areas of both substantive and administrative tax complexity from the small business perspective and provided a discussion of potential solutions. The morning Subcommittee hearing was followed by an afternoon full Committee hearing on the same topic with Internal Revenue Service (IRS) Commissioner John Koskinen.

The Subcommittee met with a private sector panel to examine key tax issues as they apply to small businesses. Corporations and

partnerships with more than 50 employees face a tax compliance burden of approximately \$182 to \$191 per employee, but this number skyrockets to \$4,308 to \$4,736 per employee for the smallest employers with 1–5 employees. As overall tax reform efforts continue to take shape, the goal of simplification must remain at the forefront so that small businesses can continue to grow, succeed, and create jobs.

The witnesses for the hearing were: Mr. Troy K. Lewis, Managing Member, Lewis & Associates, CPAs, LLC, Draper, UT, on behalf of the American Institute of CPAs and the Mobile Workforce Coalition; Mr. Mel Schwarz, Partner and Director of Tax Legislative Affairs, Grant Thornton LLP, Washington, DC; Mr. Robert M. Russell, Attorney—International Tax Controversy, Planning and Policy, alliantgroup, Washington, DC; and Ms. Julie Verratti, Director of Business Development/Founder, Denizens Brewing, Silver Spring, MD, on behalf of the Brewers Association.

Mr. Lewis explained the simplification that could be achieved through enactment of H.R. 2315, the Mobile Workforce State Income Tax Simplification Act of 2015. The bill would create a uniform 30-day safe harbor for workers who travel out-of-state in the performance of their duties. During this period, the non-resident state would be prevented from imposing income tax on these workers or withholding requirements on their employers. Mr. Schwarz continued by discussing the challenges faced by small businesses trying to take advantage of the R&D tax credit and the domestic production activities deduction and the fact that many qualifying small companies do not claim them because of their complexity. Mr. Russell discussed the challenges small businesses face when attempting cross-border expansion. Ms. Verratti recounted her story as a small brewery owner, explaining how the current burdensome tax code takes time away from working on other aspects of the business.

HEARING: “BEARING THE BURDEN: OVER-REGULATION’S IMPACT ON
SMALL BANKS AND RURAL COMMUNITIES”

On June 9, 2016, the Subcommittee on Economic Growth, Tax and Capital Access of the Committee on Small Business met in Room 2360 of the Rayburn House Office Building for a hearing titled “Bearing the Burden: Over-Regulation’s Impact on Small Banks and Rural Communities.” Since the passage of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (Dodd-Frank), hundreds of new regulations have been imposed on America’s banks. Small community banks in particular have felt the harsh effects of regulation, with the majority seeing a significant rise in their compliance costs. This is especially a problem in rural communities where individuals might not have alternatives to a community bank for access to credit for home mortgages or small business loans. This hearing explored how regulations which hurt these small community banks are impacting the rest of the rural community.

The witnesses for the hearing were: Mr. Shan Hanes, President/CEO, First National Bank of Elkhart, Elkhart, KS; Mr. Roger M. Beverage, President & CEO, Oklahoma Bankers Association, Oklahoma City, OK, on behalf of the American Bankers Association;

and Mr. Marcus Stanley, Policy Director, Americans for Financial Reform, Washington, DC.

In his testimony, Mr. Hanes discussed how unfair competition and burdensome regulations have adversely affected community banks in rural areas. He testified that regulatory costs were diverting resources away from helping customers and towards compliance costs. Additionally, he noted that regulations were transforming lending decisions away from questions of credit (could the customer afford the loan) and were instead questions of compliance (was the loan worth the increased compliance costs). Mr. Beverage was concerned that recent regulations have increased the rate at which community banks are forced to merge. He asked Congress to help the credit market by eliminating the practice of creating one-size-fits-all regulations, improving access to home loans, and removing rules that impede a bank's ability to serve customers. He stated that Dodd-Frank and other regulations have tried to exempt small banks from regulations, but nevertheless, there has been a trickle-down burden and the community banks are feeling its effects. Mr. Stanley said he believes the effect of Dodd-Frank on community banks has been very limited, and that the rise in community bank consolidation has resulted from changes in the economy, deregulation in the 1990s, and the benefits of economies of scale.

HEARING: "AUDITS AND ATTITUDES: IS THE IRS HELPING OR HURTING SMALL BUSINESSES?"

On June 22, 2016, the Small Business Subcommittee on Economic Growth, Tax and Capital Access of the Committee on Small Business met in Room 2360 of the Rayburn House Office Building for a hearing titled "Audits and Attitudes: Is the IRS Helping or Hurting Small Business?" The hearing examined how the Internal Revenue Service (IRS) is interacting with the small business community.

The witnesses for the hearing were: Mr. Pete Sepp, President, National Taxpayers Union, Washington, DC; Mr. Lee Davenport, Member, Electronic Tax Administration Advisory Committee (ETAAC), Washington, DC; Mr. Roger Harris, President & COO, Padgett Business Services, Athens, GA; and Ms. Emily Peterson-Cassin, Project Coordinator, Bright Lines, Washington, DC, on behalf of Public Citizen.

Mr. Sepp testified that the relationship between the IRS and small businesses is broken. He cited a recent Gallup poll in which an estimated 62 percent of respondents described the IRS as having "more power than it needs to do its job." Mr. Sepp attributed this statistic to the feelings of fear and uncertainty that potential IRS audits evoke within the small business community, as well as to documented intimidation tactics deployed by the agency. Mr. Sepp recommended correcting this power imbalance by embracing audit reforms such as those included in S. 2809 and implementing a Small Business Taxpayer Bill of Rights.

Mr. Davenport focused on the IRS' decreased customer service to taxpayers and overall lack of transparency within the agency. He advocated that the agency accelerate its digital taxpayer service strategy. He also urged Congress and the IRS to move to a system

that verifies taxpayer identities and tax return information before accepting a return.

Mr. Harris discussed IRS audit procedures for small businesses, focusing particularly on the correspondence audit. His testimony highlighted a number of problems with the process, including time lags, no IRS point of contact, and the inability of the IRS to match up information. He recommended fast-tracking electronic communications to streamline the system but warned that practitioner access to taxpayer records must be addressed at the same time to effectively benefit from such improvements.

Ms. Peterson-Cassin testified that the Regulatory Flexibility Act designed to help small businesses in the rulemaking process actually delays the rulemaking process and benefits larger businesses.

HEARING: "READY FOR LIFTOFF: THE IMPORTANCE OF SMALL
BUSINESSES IN THE NASA SUPPLY CHAIN"

On July 12, 2016, the Subcommittee on Agriculture, Energy and Trade of the Committee on Small Business met in Room 2360 of the Rayburn House Office Building for a hearing titled "Ready for Liftoff: The Importance of Small Businesses in the NASA Supply Chain." Since the space shuttle's retirement in 2011, some downstream engine and parts suppliers have struggled to survive in the gap period to the next manned-rocket system. The hearing focused on their response to these challenges, their impact on the local economies, the importance of small firms to the supply chain, and the significance of small manufacturers helping lead the way in space exploration.

The witnesses for the hearing were: Mr. Chris Carberry, CEO and Co-Founder, Explore Mars, Inc., Beverly, MA; George Davis, Ph.D., President and Founder, Emergent Space Technologies, Greenbelt, MD; Ms. Carol Craig, President and CEO, Craig Technologies, Cape Canaveral, FL; and Mr. Stephen Gorevan, Chairman, Honeybee Robotics, Ltd., Brooklyn, NY.

Mr. Carberry highlighted the National Aeronautics and Space Administration's (NASA) support of small businesses, stating that small businesses received about \$5 billion worth of contracts during Fiscal Year 2015, including about \$2.5 billion awarded directly to small businesses as prime contracts. While many may think that larger businesses will be the only ones to help the United States achieve manned exploration of Mars and deep space in the coming decades, Mr. Carberry noted that small businesses will play an essential role in the supply chain of future products used for Mars and other missions. Because of the important role small businesses play for NASA, as well as the benefits associated with future space missions, he requested that Congress continue to adequately fund NASA. Dr. Davis reiterated small businesses' importance in the NASA supply chain. In his recommendations to the federal government, Davis advocated for the expanded use of small business set-aside contracts under the 541330 and 541511 North American Industry Classification System codes, the use of the size standard for emerging small businesses, and ensuring the Small Business Innovation Research and Small Business Technology Transfer (SBIR and STTR) programs have long term stability.

Ms. Craig reviewed the challenges of being a supplier to NASA and inadequate funding for small businesses. She was able to grow her business by \$25 million in six years without using outside capital; however, she believes that financial regulation has created a credit gap for small businesses looking for capital. Mr. Gorevan highlighted the importance of the SBIR program for small businesses that work with NASA and how to make it better. He urged Congress increase the share of funding that federal agencies allocate to SBIR, especially between Phases II and III.

HEARING: "STRUGGLING TO GROW: ASSESSING THE CHALLENGES FOR SMALL BUSINESSES IN RURAL AMERICA"

On September 8, 2016, the Subcommittee on Economic Growth, Tax, and Capital Access of the Committee on Small Business met for a hearing titled "Struggling To Grow: Assessing the Challenges for Small Businesses in Rural America." The hearing examined hurdles facing rural small businesses and startups following the Great Recession.

The witnesses for the hearing were: Mr. John Dearie, Co-Author, "Where the Jobs Are: Entrepreneurship and the Soul of the American Economy," Washington, DC; Mr. Robert Boyd, County Commissioner, Riley County, Manhattan, KS, on behalf of the National Association of Counties; Mr. Hugh Middleton, Co-Founder, Kopis Mobile LLC, Flowood, MS; and Ms. Linsley Kinkade, Deputy Director, U.S. Programs, Winrock International, Little Rock, AR.

Mr. Dearie testified that new business development is the true source of economic growth in this country. However, in recent years, startup rates have plummeted. Through his various roundtables across the country, Mr. Dearie heard that business owners' biggest complaints were the tax code, the over burdensome regulatory environment, and uncertainty in Washington. Mr. Boyd's testimony both explained the economic conditions in Manhattan, Kansas and highlighted findings in the National Association of Counties "County Economies 2015" report. Mr. Boyd shared that when the recession began in 2008, Kansas' Gross Domestic Product (GDP) fell farther than the average state, and the GDP growth rate in Kansas has lagged behind the national average ever since. This slow growth ultimately makes his job as a County Commissioner more difficult, as property values account for 56 percent of total revenue for Kansas counties. Ensuring local economic growth not only helps businesses in the local community, but also helps county governments maintain the proper amount of funding to make necessary infrastructure investments and run a balanced budget. Mr. Middleton described his company, Kopis Mobile, and how it is unique as a technology defense company in rural Mississippi. Mr. Middleton testified that Kopis Mobile faces a large hurdle because the rate of regulation exceeds advances, due to technology and automation. Regulatory hurdles in regards to doing business with the Department of Defense make it even more challenging for a company as small as Kopis Mobile to succeed.

HEARING: "THE CUMULATIVE BURDEN OF PRESIDENT OBAMA'S
EXECUTIVE ORDERS ON SMALL CONTRACTORS"

On September 13, 2016, the Subcommittees on Investigations, Oversight and Regulations and Contracting and Workforce of the Committee on Small Business met in Room 2360 of the Rayburn House Office Building for a hearing titled "The Cumulative Burden of President Obama's Executive Orders." Since 2009, President Obama has signed 15 Executive Orders and Presidential Memoranda targeting contractors, including small businesses. This hearing examined how these actions have affected small government contractors.

The witnesses for the hearing were: Mr. James P. Hoffman, P.E., President, Summer Consultants, Inc., McLean, VA, on behalf of the American Council of Engineering Companies; Ms. Donna S. Huneycutt, Co-Owner and Chief Operating Officer, WWC, LLC, Tampa, FL, on behalf of the National Defense Industrial Association; Mr. Jimmy Christianson, Regulatory Counsel, Associated General Contractors of America, Arlington, VA; and David Madland, Ph.D., Senior Fellow & Senior Advisor to the American Worker Project, Center for American Progress, Washington, DC.

Mr. Hoffman focused his testimony on the negative effects of the Department of Labor Paid Sick Leave Rule and Fair Pay and Safe Workplaces Rule (also referred to as the Blacklisting Rule). The Paid Sick Leave Rule would require all engineering firms working for a federal agency to provide employees with 56 hours of annual sick leave. Mr. Hoffman said that this rule would reduce the flexibility of firms to design benefit packages to attract and keep employees. The Blacklisting Rule requires the prime contractor to disclose labor violations for awards greater than \$500,000 for "goods and services including construction." The American Council of Engineering Companies' (Council) concern with the rule is that it would damage the relationship between prime and subcontractors. The Council believes the reporting requirements are unnecessarily burdensome to prime contractors. Ms. Huneycutt said the Blacklisting Rule punishes the good actors, which make up the overwhelming majority of businesses in the federal procurement marketplace. She also said that the Small Business Administration's Office of Advocacy found the Paid Sick Leave Rule and the Minimum Wage for Federal Contractors Rule underestimated the compliance costs and the entities affected. She also recommended that the Administration focus on enforcing existing laws. Mr. Christianson also criticized the Paid Sick Leave and Blacklisting Rules. He voiced concern about the Executive Order for the Use of Project Labor Agreements for Federal Construction Projects, the Department of Labor Overtime Rule, and the Presidential Memorandum on Advancing Pay Equality through Compensation Data Collection. These regulations have become so burdensome that many small business contractors have said they are strongly considering leaving the federal procurement market.

HEARING: "OPPORTUNITY RISING: THE FAA'S NEW REGULATORY
FRAMEWORK FOR COMMERCIAL DRONE OPERATIONS"

On September 27, 2016, the Subcommittee on Investigations, Oversight and Regulations of the Committee on Small Business met in Room 2360 of the Rayburn House Office Building for a hearing titled "Opportunity Rising: the FAA's New Regulatory Framework for Commercial Drone Operations." This hearing examined the most recent steps taken by the Federal Aviation Administration (FAA) to integrate unmanned aircraft systems, commonly referred to as UAS or drones, into the national airspace system. In particular, the hearing focused on the final rule issued by the FAA that permits routine civil operations of small unmanned aircraft systems, those weighing less than 55 pounds.

The witnesses for the hearing were: Mr. Gabriel Dobbs, Vice President, Business Development and Policy, Kespry Inc., Menlo Park, CA, on behalf of the Small UAV Coalition; Mr. Brian Wynne, President & CEO, Association for Unmanned Vehicle Systems International, Arlington, VA; Mr. Jonathan H. Daniels, President, Praxis Aerospace Concepts International, Inc., Henderson, NV; and Ms. Lisa Ellman, Partner, Hogan Lovells US LLP, Washington, DC.

Mr. Dobbs stated that the final rule, colloquially referred to as Part 107, is a huge improvement over the Section 333 case-by-case process by which the FAA had been approving commercial drone operations. However, he also emphasized that to create a comprehensive regulatory framework, the FAA must: improve the Part 107 waiver process; craft regulations to allow routine operations beyond the visual line of sight and over people; create a micro UAS classification for unmanned aircraft weighing up to 4.4 pounds; and improve testing and training. Mr. Wynne discussed the Association for Unmanned Vehicle Systems International (AUVSI) analysis of Section 333 exemptions. AUVSI found that the vast majority of businesses that received exemptions were small businesses. Over 90 percent had less than \$1 million in annual revenue and had fewer than 10 employees. Mr. Daniels described the UAS operations conducted by the serve-disabled veteran-owned small business he co-founded. He voiced his support of the process the FAA used to begin integrating UAS into the national airspace system. However, Mr. Daniels stated that the final rule should have allowed pilots with military experience operating UAS to dispense with certain aspects of the testing requirements to receive a remote pilot certificate with a small UAS rating. Ms. Ellman stated that Part 107 is a major step forward but believes that challenges remain, including: enhancing government-industry collaboration, supporting a whole-of-government approach to integration; and ensuring industry diversity.

PART C

WASTE, FRAUD, ABUSE AND MISMANAGEMENT

Of the hearings delineated above, the following were devoted specifically to an examination of programs within the Committee's jurisdiction with a focus on potential mismanagement, waste, fraud and abuse.

HEARINGS ON SBA MANAGEMENT AND BUDGET

During the February 25, 2015 full Committee hearing on the Small Business Administration's (SBA) Fiscal Year (FY) 2016 budget, at which SBA Administrator Maria Contreras-Sweet testified, the programs under her authority were discussed in detail. Members expressed concern regarding the implementation of SBA's information technology resources, as well as entrepreneurial development programs that are unauthorized by Congress and appear to duplicate programs in the Small Business Act. Committee Members also questioned the Administrator about the modernization of the SBA's loan management accounting system, which is still behind schedule. These concerns were also fully detailed in the Committee's views and estimates on the FY 2016 SBA budget, which were adopted by the Committee by voice vote on February 12, 2015.

Also in 2015, numerous SBA personnel, industry representatives and small business owners were questioned about the operation of specific SBA programs. Hearings were held on SBA's federal contracting programs on February 12, 2015, March 17, 2015, March 19, 2015, October 27, 2015, November 18, 2015 and December 9, 2015; SBA's capital access programs on May 19, 2015; SBA's size standards on June 4, 2015 and November 19, 2015; and SBA's disaster loan programs on July 8, 2015.

The Committee began 2016 with six weeks of oversight hearings on the management of a number of SBA programs. The first two full Committee hearings examined the Government Accountability Office's (GAO) report on overall mismanagement of the SBA, which was released on October 28, 2015. The report found ongoing SBA deficiencies spanning the entire breadth of the agency, from information technology and security to staff management to disaster response to fraud in lending and contracting programs. On January 6, 2016, Committee Members questioned GAO officials about their report, and on January 7, 2016, Committee Members questioned SBA Administrator Maria Contreras-Sweet about SBA's failure to implement GAO's recommendations, including 30 recommendations related to IT security alone. At the January 7, 2016 hearing with SBA Administrator Contreras-Sweet, Chairman Chabot requested monthly updates from SBA on its progress in implementing the recommended changes.

Hearings were also held on SBA's management of its offices, and the programs for which they are responsible, as follows: Office of International Trade on January 11, 2016; Offices of Capital Access and Credit Risk Management on January 12, 2016; Office of Investment and Innovation on January 12, 2016; Offices of Entrepreneurial Development and Veterans Business Development on February 2, 2016; and Office of Government Contracts and Business Development on February 3, 2016. On February 10, 2016, a hearing examined the SBA Office of Advocacy and Office of the Ombudsman which both assist small businesses on regulatory matters. An additional hearing was held on March 16, 2016 with SBA's Inspector General to explore her perspective on SBA's management. Finally, a hearing on the management of the HUBZone program was held by the Committee on September 7, 2016. A full description of these hearings can be found in Part B, *supra*.

HEARINGS ON FEDERAL PROCUREMENT

During the first session of the 114th Congress, the Committee and its Subcommittees held a total of 11 hearings on federal procurement issues. In the second session of the 114th Congress, the Committee and its Subcommittees held a total of 5 hearings on federal procurement issues. The issues covered topics such as enforcement of procurement provisions of the Small Business Act, clarification of contracting employees' duties and enforcement of reporting requirements, the effectiveness of the Small Business Administration's (SBA) mentor-protégé program, fraud and manipulation in small business contracting and goaling at the Department of Veterans Affairs (VA), and continuing challenges for defense contractors. For example, on June 4, 2015, the Subcommittee on Contracting and Workforce held a hearing on the SBA's failure to implement Congressional direction on size standards, and on November 19, 2015 on improving size standards for farmers and ranchers. On June 23, 2015, the Subcommittee on Investigations, Oversight and Regulations held a joint hearing with the Committee on Veterans' Affairs Subcommittee on Oversight and Investigations on fraud and manipulation in VA small business goals. The Subcommittee on Contracting and Workforce held a joint hearing with the Committee on Veterans Affairs' Subcommittee on Oversight and Investigations on November 4, 2015 to examine continued challenges in the VA's Vets First verification process. On February 23, 2016, the Subcommittee on Contracting and Workforce held a hearing on two audits of contracting activities the Department of Defense's Inspector General had recently completed of the Regional Contracting Office of the National Capital Region and the Marine Corps System Command for compliance with the Small Business Act. In addition, the Committee probed the management and operation SBA's HUBZone program in a hearing on September 7, 2016.

The Committee utilized information gleaned from the hearings to develop several comprehensive procurement reform bills. The Committee also held hearings on the Small Business Innovation Research and Small Business Technology Transfer programs on March 2, 2016 and March 8, 2016. Those hearings led to H.R. 4783, the Commercializing on Small Business Innovation Act of 2016, legislation to reauthorize and improve the SBIR and STTR pro-

grams. H.R. 4783 was reported as amended by the Committee on March 23, 2016 and is awaiting further action.

HEARINGS ON SBA FINANCIAL ASSISTANCE PROGRAMS

The Subcommittee on Economic Growth, Tax and Capital Access held an oversight hearing on May 19, 2015 on SBA's capital access programs and on September 17, 2015, the Subcommittee held a hearing on the impact of Dodd-Frank law on small lenders. On July 8, 2015, the full Committee examined SBA's disaster loan program. In addition, the Committee held a full Committee hearing on overall SBA mismanagement at which the Administrator testified on January 6, 2016 and a full Committee hearing on January 12, 2016 to probe the SBA's Offices of Capital Access and Credit Risk Management. On April 5, 2016, the Subcommittee on Contracting and Workforce held a field hearing in California focused on access to venture capital for small firms. Summaries of these hearings can be found in Parts A and B, *supra*.

HEARINGS ON SBA ENTREPRENEURIAL DEVELOPMENT PROGRAMS

As previously noted, the SBA's entrepreneurial development programs were examined as part of the Committee's February 25, 2015 full Committee hearing on the Small Business Administration's (SBA) Fiscal Year (FY) 2016 budget, at which SBA Administrator Maria Contreras-Sweet testified. On February 2, 2016, the Subcommittee on Economic Growth, Tax and Capital Access held a hearing that focused on the primary offices responsible for entrepreneurial development programs at the SBA, the Offices of Entrepreneurial Development (OED) and Veterans Business Development (OVBD). The latter hearing examined whether improvements within the OED and the OVBD are necessary to ensure that the SBA is effective in helping small businesses without wasting federal funds through the operation of duplicative programs. A summary of the February 2, 2016 hearing can be found in Part B, *supra*.

PART D

OVERSIGHT ACTIVITIES

OVERSIGHT PLAN FOR THE 114TH CONGRESS

Clause 2(d) of Rule X of the Rules of the House of Representatives for the 114th Congress requires that each standing committee, in the first session of Congress, adopt an oversight plan for the two-year period of the Congress and submit the plan to the Committee on Oversight and Government Reform and the Committee on House Administration.

Subpart A contains the Oversight Plan of the Committee on Small Business for the One Hundred Fourteenth Congress, which the Committee considered and adopted on February 12, 2015. Subpart B contains a summary of the actions taken to implement that plan.

SUBPART A

OVERSIGHT PLAN OF THE COMMITTEE ON SMALL BUSINESS FOR THE ONE HUNDRED FOURTEENTH CONGRESS

FEBRUARY 12, 2015, APPROVED BY THE COMMITTEE ON SMALL
BUSINESS

Mr. CHABOT, from the Committee on Small Business, submitted to the Committee on Oversight and Government Reform and the Committee on House Administration the following

REPORT

Rule X, cl. 2(d)(1) of the Rules of the House requires each standing Committee to adopt an oversight plan for the two-year period of the Congress and to submit the plan to the Committees on Government Reform and House Administration not later than February 15 of the first session of the Congress. Under Rule X, the Committee has oversight authority to investigate and examine any matter affecting small business. This Report reflects that broad oversight jurisdiction.

Pursuant to Rule X, cl. 2(d)(1)(F), this oversight plan also includes proposals to cut or eliminate programs that are inefficient, duplicative, outdated, or more appropriately administered by State or local governments.

Oversight of Federal Capital Access Programs

The Committee will conduct hearings and investigations into Small Business Administration (SBA) and other federal agencies that provide capital to America's entrepreneurs that may include any or all of the following, as well as matters brought to the attention of the Committee subsequent to the filing of this Report:

- Effectiveness of the capital access programs to generate jobs in the fastest growing small businesses.
- Whether lenders are meeting their goals to lend to small businesses and create jobs.
- Risk to the taxpayers of the capital access programs and if those risks are not reasonable, then elimination of those programs.
- Adequacy of SBA oversight of its lending partners to ensure that federal taxpayers are properly protected.
- Capabilities of the SBA information technology to manage the loan portfolio.
- Whether SBA rules, regulations and guidance result in transparent and reasoned decisionmaking with respect to capital access programs.
- Assessment of credit-scoring algorithms as a replacement for individual credit assessment by SBA and its lending partners.
- The exercise of discretion by SBA to create pilot programs and the risk they pose to the taxpayer and whether such authority should be curtailed or eliminated.
- Whether SBA disaster loan program and its oversight ensures that small businesses are able to revive and rebuild communities without unduly placing the federal taxpayer at risk.
- Efficacy and duplication of federal capital access programs offered by the Department of Agriculture to small businesses in rural areas.
- Utilization by small businesses of export capital programs at the Export-Import Bank and the Overseas Private Investment Corporation.
- Continued examination of the Small Business Lending Fund and State Small Business Credit Initiative established by Pub. L. No. 111-240, the Small Business Jobs Act of 2010, in creating jobs and providing capital to small businesses.
- Impact of the Dodd-Frank Wall Street Reform and Consumer Protection Act, Pub. L. No. 111-203, on small business access to capital.
- Implementation of crowdfunding and other provisions of the Jumpstart Our Business Startups Act, Pub. L. No. 112-106.

In performing oversight, the Committee will focus on particularly risky aspects of financial assistance programs including, but not limited to, commercial real estate refinancing, premier certified lenders, participating security small business investment companies, small business lending companies, express lenders, and loan programs utilizing simplified lending applications.

Oversight of SBA and Other Federal Entrepreneurial Development Programs

The Committee will conduct hearings and investigations into the SBA programs that provide training and advice to small businesses that may include any or all of the following, as well as matters

brought to the attention of the Committee subsequent to the filing of this Report:

- Examining effectiveness of SBA entrepreneurial development programs in creating jobs at startups and traditional firms.
- Determining whether certain programs should be eliminated as a result of their ineffectiveness or duplication of programs provided by other agencies or by the private sector.
- Suggesting methods for enhancing coordination among federal agencies in providing assistance to entrepreneurs, including, but not limited to, businesses located in rural areas and those seeking to provide goods and services in the federal procurement marketplace.
- Enhancing the efficacy and utilization of the Manufacturing Extension Partnership at the Department of Commerce, including developments in renewable energy.
- Recommending improvements in assistance to small businesses in rural areas, including those involved in agriculture, forestry, and energy production.

Oversight of Federal Government Contracting Matters

The Committee will conduct hearings and investigations into the federal procurement system that may include any or all of the following, as well as matters brought to the attention of the Committee subsequent to the filing of this Report:

- Whether fraud or other problems exist in the federal government contracting programs overseen by the SBA including the 8(a), HUBZone, service-disabled veteran, women-owned contracting, and Small Business Innovation Research programs.
- Effectiveness of SBA contracting programs to increase participation by small businesses in federal procurement.
- Effectiveness of federal agency protections against contract bundling and consolidation.
- The accuracy and utility of SBA size standards and federal procurement databases.
- Operation and effectiveness of federal agency assistance provided to small businesses interested in federal procurement, including that provided by the SBA, Offices of Small and Disadvantaged Business Utilization and Procurement Technical Assistance Centers.
- Development of federal acquisition policies and whether small businesses have sufficiently effective voice in development of such policies.
- Cost-effectiveness of outsourcing government work to private enterprise rather than expanding the government to do provide the good or service internally (i.e., government insourcing).
- Implementation and efficacy of changes made in small business federal procurement programs arising from the enactment of the National Defense Authorization Acts for FYs 2012–2015.
- Examination of the Small Business Innovation Research Program as modified by the National Defense Authorization Act for FY 2012, Pub. L. No. 112–81, including, but not limited to, increased efforts at commercializing federally-funded technology.

In performing oversight, the Committee will focus its efforts on uncovering abuse and misuse of the small business designation to obtain federal government contracts.

Oversight of SBA Management

The Committee will conduct the hearings and investigations into the management of the SBA that may include any or all of the following, as well as matters brought to the attention of the Committee subsequent to the filing of this Report:

- The appropriate mission of the SBA.
- Whether agency employees in the field are empowered to assist small businesses.
- Duplication of offices and missions at SBA headquarters.
- Effectiveness of personnel management to ensure that employees are rewarded for assisting small businesses.
- Capabilities of SBA employees to provide proper assistance to small business owners.
- Agency personnel capabilities to properly manage loan defaults to maximize recovery of collateral.
- Whether SBA improperly utilizes statutory authority to create untested initiatives and the procedures by which the agency develops such programs.

In carrying out this oversight, the Committee will focus particularly on streamlining and reorganizing of the agency's operations to provide maximum assistance to small business owners. Offices that primarily provide assistance or advice to headquarters staff that do not promote the interests of small businesses or protect the federal government as a guarantor of loans will be recommended for cuts or elimination. For some potential offices that the Committee will examine, refer to the section titled "Reductions in Programs and Spending."

Oversight of Federal Regulatory and Paperwork Burdens

The Committee will conduct hearings and investigations into unnecessary, burdensome, and duplicative federal rules, reporting and recordkeeping requirements affecting small businesses that may include any or all of the following, as well as matters brought to the attention of the Committee subsequent to the filing of this Report:

- Centers for Medicare and Medicaid Services.
- Consumer Financial Protection Bureau.
- Consumer Safety Products Commission.
- Department of Agriculture.
- Department of Energy, particularly the Office of Energy Efficiency and Renewable Energy.
- Department of Interior, particularly the Bureau of Land Management and Minerals Management Service.
- Department of Labor, particularly the Occupational Safety and Health Administration.
- Department of Homeland Security, particularly the Transportation Security Administration.
- Department of Transportation, particularly the Federal Aviation Administration and Federal Motor Carrier Safety Administration.
- Environmental Protection Agency.

- Federal Communications Commission.
- Federal Financial Institutions Examination Council and its constituent agencies.
- Food and Drug Administration.
- Office of Federal Procurement Policy.
- Securities and Exchange Commission.

The Committee will identify specific rules and regulations already issued or at the proposed rule stage to assess the impact on small businesses. The Committee will pay close attention to the effect that regulations have on the implementation of advanced technologies including, but not limited to, the deployment of broadband communications (either by wireline or wireless services) throughout the United States. Oversight of the regulatory process also will, to the extent relevant, examine the work of the Office of Information and Regulatory Affairs at the Office of Management and Budget. Special attention will be paid to the work performed by the Chief Counsel for Advocacy at the United States Small Business Administration to ensure that Office is fulfilling its mission to advocate vigorously on behalf of America's small business owners in regulatory matters at federal agencies. Finally, this oversight will entail an examination of compliance by federal agencies with amendments to Executive Order 12,866 and memoranda on regulatory flexibility and regulatory compliance issued by the President on January 18, 2011 and still in effect as of the approval of this Oversight Plan.

Oversight of Federal Tax Policy

The Committee will conduct hearings and investigations into the federal tax code, its impact on small business, and Internal Revenue Service's (IRS) collection of taxes that may include any or all of the following, as well as matters brought to the attention of the Committee subsequent to the filing of this Report:

- Identification of tax code provisions that hinder the ability of small businesses to create jobs and recommendations for modifying those provisions to boost small business job growth.
- Examination of the structure of the tax code in order to simplify compliance for small businesses.
- Assessment of the recordkeeping and reporting requirements associated with tax compliance and suggestions for reducing such burdens on small businesses.
- Evaluation of the estate tax provisions to determine whether they inhibit the ability of successive generations to maintain successful job creating enterprises.
- Efficiencies at the IRS that improve the interaction between the government and small business owners.
- Inefficiencies at the IRS that force small businesses to divert capital from job growth to tax compliance.

Oversight of Health Care Policy

The Committee will conduct hearings and investigations into federal health care policy (such as Medicare and Medicaid) and the continued implementation of the Patient Protection and Affordable Care Act that may include any or all of the following, as well as

matters brought to the attention of the Committee subsequent to the filing of this Report:

- The cost of the Patient Protection and Affordable Care Act to small businesses, including the self-employed.
- The impact of the Patient Protection and Affordable Care Act, Medicare and Medicaid on the ability of physicians, pharmacists, and allied health care providers to offer the best care possible to patients.
- The impact of state tort and insurance laws on the cost of medical care.
- Examination of increases in efficiencies that will improve the provision of health care while reducing costs to small businesses that offer their workers health insurance.

Oversight of Energy Policy

The Committee will conduct hearings and investigations into energy policy to reduce the cost of energy and increase energy independence that may include any or all of the following, as well as matters brought to the attention of the Committee subsequent to the filing of this Report:

- Innovations developed by small businesses that create greater energy independence.
- Federal regulatory policies that increase dependence on foreign sources of energy.
- Policies needed to incentivize production of energy in the United States.
- Examination of commercialization of research in renewable energy.
- Federal regulations or policies that increase energy costs for small businesses.

The primary thrust of the Committee's efforts will focus on efforts to use the innovation of America's entrepreneurs to fuel the drive for greater energy independence, including the development of renewable energy products.

Oversight of Trade and Intellectual Property Policy

The Committee will conduct hearings and investigations into international trade and intellectual property policies of America and its trading partners that may include any or all of the following, as well as matters brought to the attention of the Committee subsequent to the filing of this Report:

- Impact of free trade agreements to increase exports by American small businesses.
- Whether the federal government is doing enough to protect the intellectual property rights of small businesses by foreign competitors.
- The impact of federal intellectual property policies, particularly patents and copyrights, to protect the innovations of American entrepreneurs.
- Efforts to increase exports by small businesses.
- Whether the United States Trade Representative and Department of Commerce sufficiently protect the interests of small businesses in the negotiation of free trade agreements.

- Whether the United States Trade Representative takes positions at the World Trade Organization that sufficiently promote the interests of American small businesses.

The focus of oversight will emphasize the best mechanisms to promote and protect advanced technology innovations of small businesses.

Reductions in Programs and Spending

In addition to the programs and policies already cited, the Committee will examine any and all offices and programs that fall within the Committee's legislative jurisdiction to find areas that could lead to reduction in the federal deficit. Some programs and offices may include:

- State Small Business Credit Initiative operated by Department of Treasury.
- Express Loan Program overseen by SBA.
- Emerging Leaders Initiative started by SBA.
- Clusters Program initiated by the SBA.
- Innovation and Impact Fund Pilot Programs operated by the SBA.
- SBA Office of Policy.
- SBA Regional Administrators.
- Office of Advocacy Regional Advocates.
- SBA Deputy District Directors.
- SBA Office of International Trade.
- SBA Office of Native American Affairs.

In particular, the Committee will assess whether reorganization and reassignment of employees to more critical functions at the SBA, such as positions in the Office of Government Contracting and Business Development will provide a more effective agency at assisting small businesses generate growth.

SUBPART B

IMPLEMENTATION OF THE OVERSIGHT PLAN OF THE COMMITTEE ON SMALL BUSINESS FOR THE ONE HUNDRED FOURTEENTH CONGRESS

The Committee began 2016 with six weeks of comprehensive oversight hearings on the Small Business Administration (SBA or Agency) and its programs. The Committee focused on small business' access to capital; opportunities for federal contracting; assistance with trade and exporting; entrepreneurial development; investment and innovation programs; and the Offices of Advocacy and the National Ombudsman. In addition, in January, the Committee held two wide ranging hearings on an expansive Government Accountability Office report on SBA mismanagement that was requested by the Committee.

Sec. A. Oversight of Federal Capital Access Programs

Despite an improving economy, small businesses still experience great difficulty obtaining needed capital to finance their operations and expansions. The SBA's programs provide credit-worthy entrepreneurs with needed capital they would be unable to obtain through the customary credit markets.

In preparation of the Committee's budget views and estimates, the Committee analyzed SBA's programs dedicated to providing access to small businesses. The views and estimates adopted on February 12, 2015 and February 4, 2016 enabled the Committee to outline its concerns with, and proposals for, improving the programs devoted to small business financing, including the 7(a) Loan Program, the Certified Development Company Program, the Microloan Program, the Small Business Investment Company Program, the Surety Bond Program and the Disaster Loan Program.

The Committee and its subcommittees held 16 hearings on capital access issues that were described in Parts B and C, *supra*. For purposes of brevity, those descriptions will not be repeated here.

In addition, the Committee has continued to closely follow the implementation of the Dodd-Frank Wall Street Reform and Consumer Protection Act, Pub. L. No. 111-203, and its effect on small businesses and their access to capital. In October of 2015, Chairman Chabot requested that the Government Accountability Office (GAO) evaluate the impact of regulation on the viability of community banks and credit unions and their ability to meet the needs of small businesses. Specifically, the Chairman asked GAO to assess the effect of regulatory burdens on community banks and credit unions on their small business lending activity and the ability of small firms to access capital post-crisis. Chairman Chabot also requested an examination of the effect of regulatory costs on the formation of new banks and credit unions and merger activity. In addition, GAO was asked to provide a comprehensive review of major safety and soundness, consumer protection, and anti-money laundering regulations facing community banks and credit unions, as well as any federal efforts to provide regulatory relief for these entities.

Additionally, the Committee held hearings on the effectiveness of the SBA's disaster loan program, and considered whether small firms are able to rebuild communities using SBA programs without risking taxpayer dollars.

In January of 2016, the Committee held a hearing to closely examine the SBA's Office of Capital Access and Office of Credit Risk Management to ensure sufficient lender oversight and small business access to capital. In light of the Government Accountability Office's report on SBA's mismanagement, the Committee stressed that the SBA offices must work together to establish clear guidance and ensure the integrity of the SBA's loan programs.

In March of 2015, Chairman Chabot filed a comment letter in response to the SBA's request for comment on a variety of issues related to SBA's procedures for determining whether a franchisee is affiliated with its franchisor and potentially ineligible for financial assistance through programs provided by the SBA. The Committee supports the Agency's efforts to garner information on the effects of various terms in franchise agreements that may or may not inculcate the independence of the franchisee from the franchisor. However, the SBA should have taken the opportunity to commence rulemaking so that appropriate changes can be made in the agency's regulations that govern determinations of affiliation for purposes of the franchise business model. It is only through changes in the regulations that SBA can ensure that rational decision-

making can occur in the process of reviewing franchise agreements and making the corollary decision as to whether the franchisee is a small business concern eligible for assistance from the SBA. Absent such changes, the SBA will continue a nearly 30-year history of arbitrary and capricious decisionmaking of the Franchise Rule.

The Committee has heard reports that SBA has been incorrectly interpreting the application of the Anti-Deficiency Act, which prohibits federal employees from making or authorizing an expenditure from any appropriation in excess of the appropriation unless authorized by law. On March 25, 2015, Chairman Chabot sent a letter to SBA Administrator Maria Contreras-Sweet requesting documents on the SBA's interpretation of the Anti-Deficiency Act as it applies to SBA loans.

In July of 2015, when the SBA's 7(a) Guaranteed Loan Program was nearing the cap on its authorization level, the Committee worked in a bipartisan way with the Senate and the Obama Administration to establish administrative options to keep the program operating until a legislative compromise to raise the program's authorization level was reached. That compromise amends the Consolidated and Further Continuing Appropriations Act of 2015 to increase the 7(a) limit from \$18.75 billion to \$23.5 billion for Fiscal Year 2015 commitments for general business loans, and was included in H.R. 2499, the Veterans Entrepreneurship Act. H.R. 2499 also prohibits the SBA, starting October 1, 2015, from guaranteeing a loan if the lender determines that the borrower is unable to obtain credit elsewhere solely because the lender's liquidity depends upon the guaranteed portion of the loan being sold on the secondary market, or the sole purpose for requesting the guarantee is to allow the lender to exceed its legal lending limit. The bill passed the House by a vote of 410–1, was signed into law on July 28, 2015, and became Pub. L. No. 114–38. The Committee will continue to closely monitor the operation of the 7(a) Loan Program.

In addition, the Committee sent several letters regarding access to capital issues. Chairman Chabot joined nineteen other Members in sending a letter to Secretary of the Treasury Jacob Lew on May 3, 2016 expressing concern about recent comments by public officials indicating there might be a preference to regulate lending to small businesses and consumers similarly. The letter asked Secretary Lew to provide answers to questions, such as what studies the Department has undertaken to ascertain how small businesses utilize credit.

After industry partners contacted Chairman Chabot and Ranking Member Velázquez regarding continued delays in the processing of SBA Section 504 loan documents, Chairman Chabot and Ranking Member Velázquez sent a letter to SBA Administrator Contreras-Sweet on September 19, 2016 requesting an explanation for the delays and requesting details on the SBA's plan to rectify them.

Following the revelations regarding Wells Fargo and their "improper sales practices" which were the subject of a Consent Order with the Consumer Financial Protection Bureau, the Committee sent two letters, one to Wells Fargo and one to SBA. Wells Fargo is leading participant in SBA lending programs, such as the 7(a) and 504 Programs. On October 5, 2016, the Committee sent a letter to then Chief Executive Officer John Stumpf of Wells Fargo re-

requesting information on the number of fraudulent bank accounts and credit card accounts that were associated with small businesses. In addition, the Committee asked whether the improper sales practices affected Wells Fargo's lending practices and participation in SBA's lending programs. The Committee also sent a letter to SBA on October 5, 2016, which requested information on Wells Fargo's participation in SBA's lending programs. Wells Fargo responded to the Committee's inquiries by a letter dated October 19, 2016 which indicated that Wells Fargo was engaging a third party to review all accounts dating back to 2009 in order to identify those that might have been affected. The Committee sent a follow-up letter to Wells Fargo on November 18, 2016 requesting that the bank continue to provide updates to the Committee throughout its review. The Committee is continuing to investigate the extent to which small businesses were affected by Wells Fargo's improper sales practices and the ramifications for small businesses' access to credit.

Sec. B. Oversight of SBA and Other Entrepreneurial Development Programs

About a quarter of the SBA's budget is devoted to providing outreach and technical assistance to small businesses. This is done through the many SBA entrepreneurial development programs. As part of the process for submitting its budget views and estimates in 2015 and 2016, the Committee assessed the SBA's entrepreneurial development programs and made recommendations to eliminate those the Committee believes are duplicative or mirror those provided by the private sector. During 2015 and 2016, the Committee and its subcommittees continued this oversight, conducting several hearings on entrepreneurial development programs and reported legislation to reauthorize and improve several programs.

On February 2, 2016, the Subcommittee on Economic Growth, Tax and Capital Access held a hearing titled "SBA Management Review: Oversight of SBA's Entrepreneurial Development Offices." The Subcommittee heard testimony from two SBA officials, and probed the SBA about a \$1 million upgrade to the SBA's Entrepreneurial Development Management System. Tameka Montgomery, SBA's Associate Administrator of the Office of Entrepreneurial Development, said the redesigned system was not effective at achieving its purpose, which is measuring the performance outcomes of programs designed to help entrepreneurs. Also at the hearing, Subcommittee Members noted that the Committee, on a bipartisan basis, criticized SBA's efforts to create unauthorized initiatives that divert funds and agency resources and frequently duplicate those that Congress has specifically directed the SBA to implement. The hearing followed a comprehensive report by the Government Accountability Office which raised questions about agency-wide inefficiency that may extend to SBA's Office of Entrepreneurial Development.

On March 23, 2016, the Committee reported an Amendment in the Nature of a Substitute to H.R. 207, the Small Business Development Centers Improvement Act, which reauthorizes and improves several entrepreneurial development programs administered

by the SBA. H.R. 2017 was reported to the House as amended by voice vote.

Sec. C. Oversight of Federal Government Contracting Matters

A primary mission of the SBA is to ensure that small businesses receive a “fair proportion of the total purchases and contracts for property and services for the Government in each category . . .” 15 U.S.C. §644(a). To achieve this objective, Congress established a number of programs designed to increase federal contracting opportunities for small businesses. Similarly, given that the federal government is the largest consumer of products and services, it benefits from a competitive market. The SBA’s programs help to ensure that small businesses are given a fair share of opportunities to sell to the federal government, and the Committee’s job is to oversee the SBA’s policies.

The Committee and its subcommittees held a total of 17 hearings on issues related to federal government contracting. Those hearings are described in Parts B and C, *supra*. For the sake of brevity, they will not be repeated here. While these sessions were important and informative, the Committee took a number of actions to supplement this oversight.

In the Committee’s view, the SBA has failed to enforce the statutory standards and make the regulatory changes that result in a robust procurement sector. As a result, the Committee will continue to oversee the SBA’s actions in this regard.

The Committee has a continuing interest in whether and how many federal agencies suspend or debar companies engaged in procurement activity with the federal government. On December 10, 2015, Subcommittee on Investigations, Oversight and Regulations Subcommittees Chairman Crescent Hardy (R–NV) sent letters to numerous federal agencies requesting information related to the suspension and debarment activity of those agencies. Also in December of 2015, Chairman Chabot sent letters to the senior procurement officials in numerous federal agencies requesting an assessment of the effect of the Department of Labor and Federal Acquisition Council’s implementation of Executive Order 13673, which would require businesses seeking government contracts of more than \$500,000 to disclose any violations of 14 separate federal labor laws and Executive Orders and “equivalent [s]tate laws.”

In an effort to build on the Committee’s accomplishments in opening federal contracting opportunities to small businesses, Chairman Chabot testified before the Committee on Armed Services with Ranking Member Nydia Velázquez (D–NY) on March 1, 2016 regarding the small business contracting provisions in H.R. 4909, the National Defense Authorization Act for Fiscal Year 2017. A number of small business contracting provisions were included in Title 18 of H.R. 4909, which passed the Committee on Armed Services, as amended, on April 28, 2016 by a vote of 60–2. The bill passed the full House on May 18, 2016 by a vote of 277–147 (Roll Call Vote No. 216). Included on page 740 of Title XVIII of H.R. 4909 is directive report language requiring the Government Accountability Office (GAO) to review the Small Business Administration’s Office of Government Contracting and Business Development and report to the House Committee on Small Business and the

Senate Committee on Small Business and Entrepreneurship. Also included on pages 740–741 of Title XVIII of H.R. 4909 is directive report language requiring GAO to review the Small Business Administration’s surety bond program and report to both committees.

The Committee examined the Small Business Innovation and Research (SBIR) and the Small Business Technology Transfer (STTR) Programs as modified by the National Defense Authorization Act for FY 2013, Pub. L. No. 112–81. The Committee began the examination, including efforts to increase the commercialization of federally funded technology, with the goal of reauthorizing the programs in 2016. On March 2, 2016, the Committee held a hearing titled “Commercializing on Innovation: Reauthorizing the Small Business Innovation Research and Small Business Technology Transfer Programs.” At the hearing, John Williams, Director of Innovation and Technology in the Office of Investment and Innovation at the Small Business Administration, stated that currently firms are limited in using SBIR funds to support activities that help commercialize products and services. Robert Smith, Director of SBIR and STTR programs for the Department of the Navy’s Office of Naval Research, explained that the Navy’s current initiatives for the SBIR/STTR Program include making awards to new firms, reducing award delays and using non-SBIR/STTR funds to promote innovation. After the hearing, Chairman Chabot sent Mr. Williams some additional questions to ensure a complete hearing record.

On March 8, 2016, the Subcommittee on Health and Technology held a field hearing in Lynn, Massachusetts titled “Commercializing on Innovation: Reauthorizing the Small Business Innovation Research and Small Business Technology Transfer Programs: Part II.” Members heard testimony from small businesses who described the program as sound in concept and effective in practice. On March 23, 2016, the Committee reported H.R. 4783, the Commercializing on Small Business Innovation Act of 2016, introduced by Chairman Chabot, to reauthorize the SBIR and STTR programs. H.R. 4783 was reported as amended by voice vote.

Members remain concerned about the health of the industrial base. On April 5, 2016, Chairman Chabot and Ranking Member Velázquez sent a letter to Denise Turner Roth, Administrator of the General Services Administration (GSA) expressing concern about the low number of small business suppliers to the federal government. They stated that this has resulted in a weakened national industrial base. The Chairman and Ranking Member also requested information on the steps that GSA is taking to remove barriers for small businesses that wish to do business with GSA.

Following a February 3, 2016 hearing on delays in agency rulemaking, by the Subcommittee on Contracting and Workforce, Chairman Richard Hanna sent a letter to A. John Shoraka, Associate Administrator, Office of Government Contracts and Business Development at SBA asking that they work together on ways to speed the rulemaking process. This is particularly important for small businesses that operate on thin margins and need contracting decisions quickly.

The GAO is reviewing two federal contracting matters that are focused on the Department of Defense (DOD) at the request of the Committee on Armed Services and its Chairman, Mac Thornberry.

The first concerns cancelled solicitations, and is a mandatory request of the Committee on Armed Services in House Report 114–102. The second concerns the length of time that it takes for DOD to award contracts and the factors that extend the amount of time necessary to complete awards. Subcommittee on Contracting and Workforce Chairman Richard Hanna requested, and received, permission to join both of the GAO reviews as a co-requestor. A legislative mandate requires the SBA to develop a scorecard program to begin in Fiscal Year 2017 to evaluate federal agency compliance with small business contracting goals. GAO will evaluate the process.

A joint request in July 2015 by the Subcommittee on Investigations, Oversight and Regulations of the Committee on Small Business and the Subcommittee on Oversight and Investigations of the Committee on Veterans' Affairs asked GAO to report on whether veterans' preferences in federal procurement benefit only veterans. The report was released at a joint hearing of the two subcommittees on November 4, 2015.

On October 9, 2015, Chairman Chabot asked GAO to investigate the SBA's assignment of North American Industrial Classification System codes for small businesses. In April 2015, Chairman Chabot and Ranking Member Velázquez asked GAO to investigate the Offices of Minority and Disadvantaged Business Utilization across all federal government agencies to ascertain whether they are adhering to numerous statutory requirements. Additionally, on December 10, 2015, the Chairman and Ranking Member asked GAO to review the SBA's Office of Small and Disadvantaged Business Utilization. These investigations are likely to continue into 2017.

The Committee was successful in incorporating two mandatory Government Accountability Office investigations of small business contracting issues into H.R. 4909, the National Defense Authorization Act for Fiscal Year 2017. The first requires GAO to review the SBA's Office of Government Contracting and Business Development and report to the House Committee on Small Business and the Senate Committee on Small Business and Entrepreneurship. The second requires GAO to review the SBA's surety bond program and report to the House Committee on Small Business and the Senate Committee on Small Business and Entrepreneurship.

The Committee also held a hearing on September 7, 2016 to examine the SBA's Historically Underutilized Business Zones (HUBZone) Program, which seeks to incentivize economic development by providing access to federal contracting opportunities to small businesses located in economically distressed areas of the country. Several GAO reviews have identified areas where the HUBZone Program could be improved, particularly ensuring that only qualified small businesses participate in the Program. At the hearing, William B. Shear, Director of Financial Markets and Community Investment at the GAO, testified that while SBA has taken some steps to implement GAO's recommendations to improve oversight of the HUBZone Program, further work remains to be done. John Shoraka, Associate Administrator of the Office of Government Contracts and Business Development at the SBA stated that the agency had almost fully implemented the GAO's recommendations.

During the hearing, Mr. Shoraka also revealed that the SBA's Office of General Counsel had determined that the agency had the authority to expand the HUBZone designation beyond the 20 percent cap for certified census tracts in a metropolitan statistical area. Committee members were skeptical of SBA's newly found authority at the hearing, and the Committee's examination of the HUBZone Program will continue into 2017.

Sec. D. Oversight of SBA Management

The Committee continues to oversee the management of the Small Business Administration (SBA) through hearings and meetings with agency personnel and industry representatives. The hearings held by the Committee and its subcommittees are detailed in Parts A, B and C, *supra*, and will not be repeated verbatim here.

However, the Committee's hearings on the overall management of the SBA deserve some explication. As noted above, in January of 2016, the Committee held two hearings on a Government Accountability Office (GAO) report requested by the Committee on SBA mismanagement. GAO found extensive and ongoing deficiencies in SBA's management, including problems with operating procedures, staff management, information technology and cyber security.

In March of 2015, to better oversee the SBA's operation and management, Chairman Chabot wrote SBA Administrator Contreras-Sweet to request that the SBA notify the Committee of any critical changes in the operation of the SBA. Specifically, Chairman Chabot requested: copies of new standard operating procedures (SOP) or changes in existing SOPs; any procedural notice issued by any office of the SBA; any proposed or final rule published in the Federal Register; announcements of new programs; and any reorganization plans for the agency.

In February of 2016, the Subcommittee on Investigations, Oversight and Regulations held an oversight hearing on SBA's Office of Advocacy and the Office of the National Ombudsman. The hearing examined management challenges for each office. Critical issues for the Office of Advocacy include having a Senate-confirmed Presidential appointee leading the office and succession planning. Staying focused on its sole duty of oversight of unfair or excessive regulatory enforcement activities is a challenge for the Office of the National Ombudsman. In addition, it is unclear if the Office of the National Ombudsman is properly administering the Regional Regulatory Fairness Boards, which are made up of owners, operators, or officers of small businesses. After the hearing, the Subcommittee sent Questions for the Record to the SBA and the Office of Advocacy witnesses for each office to obtain answers to additional questions for the hearing record.

Sec. E. Oversight of Federal Regulatory and Paperwork Burdens

Cl. 1(q) of Rule X of the Rules of the House of Representatives provides that the Committee's jurisdiction includes the protection of small businesses and regulatory flexibility. This Rule is recognition that the current regulatory regime may inhibit the ability of small firms to conduct commerce. The Committee's past work on the Regulatory Flexibility Act, Pub. L. No. 96-354, and its subse-

quent legislation to amend the Act, H.R. 527, the Small Business Regulatory Flexibility Improvements Act of 2015, described *supra*, underscore the importance the Committee places on strengthening requirements that federal agencies tailor their regulations to reduce economic burdens on small businesses.

The Committee is continuing to take an active role in overseeing how federal agencies develop their regulations in order to ensure that these rules do not impose undue burdens on small businesses. The Committee remains very concerned about the effect on small businesses of numerous proposed and final rules issued by federal government agencies. The Committee's interactive website tool, Reg Watch, regularly lists the details of numerous proposed federal regulations affecting small businesses so that entrepreneurs can review and comment on them.

The Committee and its subcommittees held a total of 12 hearings on the burdens of federal regulation on small businesses. Those hearings are detailed in Parts A and B, *supra*, and will not be reiterated here. In addition, the Committee held a number of Member Roundtables on key issues.

On April 30, 2015, the Committee held a roundtable for Republican Committee Members on how a new National Labor Relations Board (NLRB) joint employer standard could affect small businesses. The roundtable focused on the existing standard for determining whether two employers may be considered joint employers for the purposes of the National Labor Relations Act, and the new standard advocated by the NLRB's General Counsel.

Chairman Chabot sent a letter on May 13, 2015 to the Office of Management and Budget's Office of Information and Regulatory Affairs Administrator, Howard Shelanski, urging him to return the Environmental Protection Agency (EPA) and Army Corps of Engineers' (Corps) draft final rule to revise the definition of Waters of the United States to the agencies for reconsideration. The letter focused on the EPA and Corps failure to comply with the Regulatory Flexibility Act's requirements to conduct a Small Business Advocacy Review panel and assess the economic impacts of the rule on small businesses, as well as the flawed definition proposed by the agencies.

On May 15, 2015, Chairman Chabot, along with House Energy and Commerce Committee Chairman Fred Upton, Senate Environment and Public Works Committee Chairman James Inhofe and Senate Small Business and Entrepreneurship Committee Chairman David Vitter sent a letter to EPA Administrator Gina McCarthy regarding the Small Business Advocacy Review panel process for the Section 111(d) Federal Plan Rulemaking under the Clean Power Plan. The letter focused on agency's compliance with Section 609(b) of the Regulatory Flexibility Act to ensure that small entities were able to provide meaningful input into the rulemaking process.

On June 8, 2015, Chairman Chabot sent a letter to Federal Communications Commission (FCC) Chairman Thomas Wheeler. The letter urged Chairman Wheeler to investigate all aspects of bidding on AWS-3 spectrum licenses to ensure that small businesses are able to participate fairly.

On July 15, 2015, Chairman Chabot, Subcommittee on Contracting and Workforce Chairman Richard Hanna, and Subcommittee on Investigations, Oversight and Regulations Chairman Crescent Hardy joined House Education and Workforce Chairman John Kline, House Oversight and Government Reform Committee Chairman Jason Chaffetz, and Subcommittee chairmen from both Committees in sending a letter to Secretary of Labor Thomas E. Perez and Administrator Anne Rung of the Office of Federal Procurement Policy at the Office of Management and Budget regarding implementation of Executive Order 13,673, which requires contractors and subcontractors to disclose potential violations of 14 federal labor laws and equivalent state laws. The chairmen requested that the agencies withdraw guidance and rule that had been proposed to implement the E.O. The letter on the duplicative, burdensome reporting requirements that would be imposed on small and large employers, federal agencies, and American taxpayers, the Department of Labor's (DOL) failure to identify equivalent state laws that would be covered, and delays in federal contracting and costs that would be imposed on taxpayers. On September 10, 2015, the Committee convened a roundtable that examined the DOL and Federal Acquisition Regulatory Council's implementation of E.O. 13,673.

The Committee continues to be concerned about the effect of financial services regulations on community banks and credit unions. On October 27, 2015, Chairman Chabot asked GAO to review and report on the effects of the Dodd-Frank Wall Street Reform and Consumer Protection Act, Pub. L. No. 111-203, on community banks and credit unions. Later, GAO will produce a second report on the impact of Dodd-Frank and its regulations on capital formation, community bank and credit union market share, and small business lending.

On November 19, 2015, Chairman Chabot, along with all twelve Republican members of the Committee on Small Business, and House Energy and Commerce Committee Chairman Fred Upton and all Republican members of that committee, sent a letter to FCC Chairman Tom Wheeler urging him to permanently exempt small businesses from the FCC's burdensome Open Internet Order regulations.

On December 11, 2015, Subcommittee on Oversight, Investigations and Regulations Chairman Crescent Hardy sent a letter to Thomas Perez, Secretary of Labor, recapping testimony from the Subcommittee's hearing titled "The Consequences of DOL's One-Size-Fits-All Overtime Rule for Small Businesses." The hearing witnesses raised several problematic issues with a proposed rule issued by the Department of Labor (DOL) to revise the existing Fair Labor Standards Act regulations that implement the exemption from minimum wage and overtime pay for certain employees. The hearing illuminated serious concerns that were raised, such as those that small firms, particularly in rural areas, will be unable to increase their workers' salaries to the proposed salary threshold and remain economically viable. As a result, businesses will have no choice but to move salaried workers to hourly status, reduce hours and trim benefits. In addition, the DOL has proposed making the salary threshold increases automatic on an annual basis. Doing

so would deny small businesses and others the opportunity to provide input.

Chairman Chabot was asked by House Speaker Paul Ryan to participate in his Regulatory Reform Task Force, a select group of House Committee Chairmen who met regularly with other Members of the conference throughout 2016 to discuss ideas for reducing the burden of regulations on individuals and businesses, particularly small businesses. The areas of concentration were financial services, energy and environment, and labor and workforce. The Task Force chairmen also held a series of Idea Forums with trade associations and small businesses. Listening Sessions with Members of Congress were held to generate suggestions for regulatory reform. Those ideas were used to develop a Task Force White Paper that was released on June 14, 2016 and subsequent legislation to help reduce regulatory burdens on individuals and small businesses.

On March 15, 2016, the Committee held a roundtable for Republican Committee Members to examine 13 Executive Orders and Presidential Memoranda issued since 2009 directed at federal contractors, as well as an Executive Order and a Presidential Memorandum that covers federal contractors in addition to other employers. Many of the Executive Orders and Presidential Memoranda are being implemented by federal agencies through new regulations.

On March 16, 2016, Chairman Chabot joined House Education and Workforce Chairman John Kline, House Oversight and Government Reform Committee Chairman Jason Chaffetz in sending a letter to the DOL requesting an extension of the comment period for the proposed rule titled “Establishing Paid Sick Leave for Federal Contractors” that was issued to implement E.O. 13,706.

On April 28, 2016, Chairman Chabot and Republican Committee Members sent a letter to the Office of Management and Budget’s Office of Information and Regulatory Affairs Administrator, Howard Shelanski, urging him to return the DOL’s draft final rule to revise its regulations related to overtime pay to the DOL for reconsideration.

On May 3, 2016, Chairman Chabot sent a letter with 10 other House Members to Secretary of the Treasury Jacob Lew asking whether the Department of Treasury is considering regulating lending to small businesses and consumers similarly.

On May 6, 2016, Chairman Chabot joined House Energy and Commerce Committee Chairman Fred Upton (R-MI) and Energy and Commerce Subcommittee on Energy and Power Chairman Ed Whitfield (R-KY) on a letter to Environmental Protection Agency (EPA) Administrator Gina McCarthy expressing concern about the EPA’s proposed rule on “Accidental Release Prevention Requirements: Risk Management Programs under the Clean Air Act.” Specifically, the Chairmen requested that EPA extend the comment period on the proposed rule because it is lengthy and complex, and it is uncertain whether EPA had considered comments from small entities.

The Committee also questioned why Congress has not received long overdue reports from the Office of Management and Budget that are required under the Paperwork Reduction Act. On May 26,

2016, Chairman Chabot and Chairman Jason Chaffetz of the House Committee on Oversight and Government Reform sent a letter to the Office of Management and Budget (OMB) requesting the long overdue reports that are required to be sent from OMB to the Committee on Small Business under the Paperwork Reduction Act.

On June 15, 2016, the Committee's Republicans held a roundtable to gain input from small businesses on DOL's final overtime rule. Committee members and entrepreneurs discussed how the Obama Administration's pattern of regulatory overreach has created an atmosphere of uncertainty for America's small businesses and hurt the very employees they claim to help.

On June 23, 2016, the full Committee held a hearing titled "Damaging Repercussions: DOL's Overtime Rule, Small Employers, and their Employees." The Committee heard testimony from a small business owner and payroll administrator; a small tech company owner; a Nevada county commissioner; and an attorney and human resources consultant. All witnesses testified that the new DOL overtime rule would severely restrict their flexibility and ability to hire, schedule, motivate and compensate their employees. They further stated that the rule would cause them to reduce employees and employee hours.

On August 25, 2016, Chairman Chabot and Ranking Member Velázquez wrote to FCC Commissioner Tom Wheeler that the FCC's privacy proposals would result in rules that have a negative economic impact on small Broadband Internet Access (BIAS) providers. In particular, the Chairman and Ranking Member expressed concerns that the FCC had failed to fully or adequately comply with the Regulatory Flexibility Act in promulgating the proposals because its analysis did not describe or quantify the economic impacts on small entities. On October 3, 2016, the Chairman and Ranking Member sent a follow-up letter to Commissioner Wheeler because the FCC had not replied to their letter of August 25, 2016.

On September 12, 2016, Chairman Chabot joined Rep. Pete Olson, Vice Chairman of the House Energy and Commerce Committee's Subcommittee on Energy and Power, in sending a letter to EPA regarding two rules, one final and one proposed, promulgated under the Clean Air Act's Significant New Alternatives Policy (SNAP) Program that would restrict the use of certain refrigerants. Complying with the rules poses significant challenges for small manufacturers of affected products.

Sec. F. Oversight of Federal Tax Matters

The Committee and its subcommittees held 12 hearings on federal tax policy. These hearings are described in Part A, *supra*, and will not be repeated verbatim here. In addition, numerous meetings were held with industry representatives to gauge the impact of tax policies on small firms.

On April 15, 2015, the Committee held a hearing focused on need for tax reform for small businesses. The Government Accountability Office produced a report in June 2015 that was requested by the Committee in 2014 on the tax compliance burden on small businesses. GAO found that burden of tax compliance varies depending on the businesses' asset size, filing entity, number of employees

and industry type. GAO also reported that given the importance of small businesses to the United States economy, reducing the cost of compliance may free resources for hiring new employees and expanding the business. However, a key challenge for the Internal Revenue Service (IRS) is balancing efforts to minimize taxpayer burden with efforts to encourage voluntary compliance. On July 22, 2015, the Committee held a hearing focused on tax compliance problems facing small businesses. In addition, on December 3, 2015, the Committee held a hearing on tax extenders and the importance of particular policies for small businesses.

In 2016, the Committee worked to remove anti-small business provisions in the Treasury Department's proposed nondiscrimination rules for certain retirement plans. The Committee made Deputy Assistant Secretary of the Treasury for Retirement and Health Policy Mark Iwry aware of the Committee's concerns regarding the rule's negative effect on small businesses. After the Committee noticed a Subcommittee hearing for April 19, 2016 on the rule, the IRS announced it would withdraw the problematic provisions and the Committee cancelled the planned hearing.

On April 13, 2016, the Committee held a pair of hearings, one in the Subcommittee on Economic Growth, Tax and Capital Access and one in the full committee, focused on simplifying the tax code for small businesses and the tax practitioners who serve them. In the morning Subcommittee hearing, Committee Members heard from small businesses. In the afternoon, Committee Members were able to engage in a dialogue on simplification with John Koskinen, the Commissioner of the IRS.

On April 27, 2016, the Committee held a hearing on employee-owned S corporations and examined H.R. 2096, the Promotion and Expansion of Private Employee Ownership Act of 2015.

On May 24, 2016 and May 26, 2016, the Committee held two hearings on the tax issues surrounding the sharing economy. Committee Members questioned public and private sector witnesses on the impact of outdated IRS policies on small businesses.

Committee Members continue to be concerned about the IRS's treatment of small businesses. On June 20, 2016, Chairman Chabot and Ranking Member Velázquez sent a letter to IRS Commissioner John Koskinen expressing concern about the IRS's treatment of the Research and Development tax credit for small firms. On September 14, 2016, the Committee held a second hearing on the experiences of small businesses under IRS audit.

Sec. G. Oversight of Health Care Policy

In February of 2015, Chairman Chabot sent a letter to Secretary of Health and Human Services Sylvia Mathews Burwell requesting information on the incorrect tax forms that were sent to many Americans. Specifically, Secretary Burwell was asked to provide the number of small businesses that may have received incorrect information after purchasing health insurance through the Small Business Health Options Program (SHOP) exchange. The Committee was concerned that compliance with the new SHOP system and the misinformation created more uncertainty in an already confusing tax season for small businesses.

On March 22, 2016, the Subcommittee on Economic Growth, Tax and Capital Access held a hearing titled “Lip Service and Little Else: Failure of the Small Business Health Insurance Tax Credit.” The hearing featured small business owners who described their disappointment at not qualifying for the health care law’s small business tax incentive. An official with the Government Accountability Office (GAO) testified about the study the Committee on Small Business requested from GAO in 2012 that examined the credit. GAO’s updated report in 2015 found that only 180,000 small businesses used the credit because it was too complicated, applied too narrowly and was too time consuming to compute. NFIB also provided data on the failure of small firms to utilize the credit, and suggested ways to reform it.

Chabot sent a letter on May 12, 2015 to Kevin Counihan, Marketplace Chief Executive Officer at the Centers for Medicare and Medicaid Services requesting the total number of Small Business Health Options Program (SHOP) small businesses and employees that were enrolled. After repeatedly requesting current information on the number of small businesses and their employees who are enrolled in the SHOP program, Chabot and Senate Small Business and Entrepreneurship Committee Chairman David Vitter sent a letter to United States Health and Human Services Secretary Sylvia Matthews Burwell requesting current SHOP enrollment figures.

Sec. H. Oversight of International Trade Policy

The Committee and its subcommittees held 5 hearings on international trade policy during the 114th Congress. The topics and descriptions of those hearings are detailed in Parts A and B, *supra*, and will not be repeated here.

Chairman Chabot worked with the Committee on Ways and Means and the Senate Finance Committee to incorporate provisions of Chairman Chabot’s legislation, H.R. 2587, the State Trade Coordination Act of 2015 in H.R. 644, the Trade Facilitation and Trade Enforcement Act of 2015 and its Conference Report.

The legislation directs the Secretary of Commerce, in coordination with representatives of state trade promotion agencies, to develop a plan to integrate resources and strategies of state trade promotion agencies into the overall federal trade promotion program. In addition, the legislation directs the Secretary, with the head of the U.S. Commercial Service, to develop an annual federal-state export strategy for goods and services for each state. The Conference Report accompanying H.R. 644 passed the House on December 11, 2015 and the Senate on February 11, 2016. The bill was signed by the President on February 24, 2016 and became Pub. L. No. 114–125.

Sec. I. Reductions in Programs and Spending

In February, 2015 and February, 2016, the Committee reported its budget views and estimates. In those letters, the Committee voiced its concerns that the current federal government regulatory scheme is making it difficult for small businesses to comply with regulations. Rather than promoting economic progress, the federal government is imposing a regulatory regime that is making it in-

creasingly difficult for small businesses to compete in a global economy. In fact, the biggest problem facing entrepreneurs today is overly burdensome regulations.

In 2015, the Committee noted that SBA had requested \$37 million in SBA-initiated entrepreneurial development programs that have not been reviewed or approved by the Committee, and which duplicate long standing small business outreach efforts. In addition, there is no evidence that such programs have been adequately assessed by SBA prior to their implementation. Those funds could be reallocated to the priorities imposed on the SBA by Congress rather than SBA acting on its own list of priorities.

In both 2015 and 2016, the Committee expressed concern about SBA's use of its pilot program authority under § 7(a)(25) of the Small Business Act. The authority was provided to SBA to ensure flexibility to meet unexpected needs of a diverse small business economy. However, SBA has abused the authority by creating programs that last longer than one would expect a pilot program to last, frequently adding to the cost of the 7(a) Loan Program (through higher default rates). Furthermore, the programs are created without the benefit of the notice and comment rulemaking process so neither lenders or borrowers can provide input.

Finally, Chairman Chabot and Ranking Member Velázquez, in an effort to find improvements in management and processes that will reduce spending and increase efficiency, requested a Government Accountability Office report on the overall management of SBA. That report, titled "Small Business Administration: Leadership Needed to Overcome Challenges,"²⁰ was issued on October 28, 2015 and was the subject of two full Committee hearings in January of 2016. In the report, GAO made eight new recommendations to improve SBA's program evaluations, strategic and workforce planning, organizational structure, procedural guidance, and oversight of information technology investments. GAO also reported that 69 recommendations that it made in prior work have merit and should be fully implemented, but the SBA has not done so.

²⁰ Government Accountability Office, GAO-15-247, released Oct. 28, 2015.

REGULATORY REVIEW

LEGISLATIVE AND OVERSIGHT ACTIVITY RELATED TO REGULATIONS, ORDERS, ADMINISTRATIVE ACTIONS AND PROCEDURES BY FEDERAL AGENCIES WITHIN THE JURISDICTION OF THE COMMITTEE ON SMALL BUSINESS ²¹

The Committee continues to closely monitor federal agency regulations that affect small businesses and their implementation. A comprehensive review of the Committee's regulatory oversight is detailed below. The Committee maintains and regularly updates Reg Watch, an online regulatory tool, which explains proposed federal regulations that may significantly impact small entities, and provides a means for small business owners to comment directly to the agency.

114th Congress, First Session

1/21/15. Chairman Chabot sent a letter to Maria Contreras-Sweet, Administrator, United States Small Business Administration, regarding the use of SBA's Office of Small and Disadvantaged Business Utilization.

2/25/15. Chairman Chabot sent a letter to Department of Health and Human Services Secretary Sylvia Burwell requesting information on the number of small businesses enrolled in the Small Business Health Options Program (SHOPs).

3/8/2015. The Committee held a hearing to examine challenges that small manufacturers were facing with existing regulatory requirements and new regulations. The hearing focused on Department of Labor, Department of Energy, and Environmental Protection Agency regulations.

3/12/15. The Committee held a staff briefing which provided an overview of potential consequences of a new National Labor Relations Board joint employer standard.

3/23/15. Chairman Chabot sent a follow-up letter to Department of Health and Human Services Secretary Sylvia Burwell again asking for information on the number of enrollees in the SHOP program.

3/27/15. Chairman Chabot sent a comment letter to the Small Business Administration regarding the handling of SBA loans to franchisees.

4/30/15. The Committee held a Member Roundtable examining the potential effects of a new National Labor Relations Board joint employer standard.

²¹ Under House Rule X, the Committee on Small Business has jurisdiction over the protection of small business including "financial aid, regulatory flexibility, and paperwork reduction" as well as jurisdiction over the participation of small businesses in government contracts. In addition, under Rule X, cl. 3(1), the Committee has continuing oversight of "problems of all types of small business."

5/12/15. Chairman Chabot sent a letter to Kevin Counihan, Marketplace Chief Executive Officer, Centers for Medicare and Medicaid Services, requesting the total number of enrollees in the Small Business Health Options Program (SHOPs).

5/13/15. Chairman Chabot sent a letter to the Office of Management and Budget's Office of Information and Regulatory Affairs (OIRA) Administrator Howard Shelanski urging OIRA to return the Environmental Protection Agency and Army Corps of Engineers' draft rule on Waters of the United States to the agencies for reconsideration.

5/15/15. Chairman Chabot, along with House Energy and Commerce Committee Chairman Fred Upton (R-MI), Senate Environment and Public Works Committee Chairman James Inhofe (R-OK) and Senate Small Business and Entrepreneurship Committee Chairman David Vitter (R-LA), sent a letter to Environmental Protection Agency Administrator Gina McCarthy regarding a Small Business Advocacy Review Panel for Section 111(d) Federal Plan Rulemaking.

6/5/15. Chairman Chabot sent a letter to the United States Government Accountability Office asking to be added as co-requestor for the review of the Department of Veterans Affairs' Center for Veterans Enterprise's efforts to develop a verification program to ensure that veterans' preferences in federal procurement benefit only eligible small businesses. The review was initiated at the request of Representative Mike Coffman, chairman of the Subcommittee on Oversight and Investigations of the House Veterans' Affairs Committee. The report was released at a joint hearing on 11/4/15.

6/25/15. The Subcommittee on Contracting and Workforce held a hearing on the General Service's Administration transactional data rule and its effect on small federal contractors.

6/8/15. Chairman Chabot sent a letter to Federal Communications Commission Chairman Thomas Wheeler urging him to investigate all aspects of bidding on AWS-3 spectrum licenses to ensure small businesses are able to participate fairly.

7/15/15. Chairman Chabot sent a joint letter with House Oversight and Government Reform Committee Chairman Jason Chaffetz (R-UT) and House Education and Workforce Committee Chairman Jon Kline (R-MN) to United States Secretary of Labor Thomas Perez and United States Office of Federal Procurement Policy Administrator Anne Rung requesting that the proposed rule and guidance on the implementation of Executive Order 13673, requiring contractors and subcontractors disclose potential violations of 14 federal labor laws and equivalent state laws, be withdrawn.

7/15/2015. The Committee held a hearing on the Federal Aviation Administration's proposed rule to permit commercial operations of small unmanned aircraft systems (UAS) and the expected utilization of small UAS by small businesses.

7/22/15. Chairman Chabot held a hearing examining the tax compliance burden on small firms and examine the effectiveness of actions taken by the Internal Revenue Service intended to reduce small firms' tax compliance burden.

9/10/15. The Committee held a Member Roundtable to examine the Department of Labor and Federal Acquisition Regulatory Coun-

cil's implementation of Executive Order 13,673, which requires prospective federal contractors to disclose violations of 14 labor laws and "equivalent state laws" within the preceding three year period for small businesses that sell goods and services to the federal government.

9/17/2015. The Subcommittee on Economic Growth, Tax and Capital Access held a hearing on how the regulatory changes resulting from the Dodd-Frank Wall Street Reform and Consumer Protection Act have affected small financial institutions and small businesses.

9/29/2015. The Subcommittee on Contracting and Workforce and the Subcommittee on Investigations, Oversight and Regulations held a hearing to examine the Department of Labor and Federal Acquisition Regulatory Council's implementation of Executive Order 13,673 on small businesses that sell goods and services to the federal government.

10/8/2015. The Subcommittee on Investigations, Oversight and Regulations held a hearing to examine the Department of Labor's proposed overtime rule and its assessment of the rule's economic impacts on small businesses as required by the Regulatory Flexibility Act.

10/27/15. Chairman Chabot asked the United States Government Accountability Office to report on the effect of the Dodd-Frank Act and its regulations on small businesses.

10/29/15. Chairwoman Radewagen of the Subcommittee on Health and Technology held a roundtable to discuss various Federal Communications Commission regulatory burdens imposed on small telecommunications providers.

11/6/2015. The Subcommittee on Investigations, Oversight and Regulations held a field hearing in Las Vegas, NV to examine the effects of financial, land use and environmental regulations on small businesses.

11/19/15. Chairman Chabot sent a joint letter with all twelve Republican Members of the Committee on Small Business, Chairman of the House Energy and Commerce Committee, and all Republican Members of the House Energy and Commerce Subcommittee on Communications and Technology to Federal Communications Commission (FCC) Chairman Tom Wheeler, urging him to permanently exempt small businesses from the FCC's burdensome Open Internet Order regulations.

12/9/15. Chairman Chabot asked the United States Government Accountability Office to investigate the assignment of North American Industrial Classification System codes for small businesses.

12/11/15. Subcommittee on Oversight, Investigations and Regulations Chairman Hardy sent a letter to United States Department of Labor Secretary Thomas Perez detailing the witness testimony at a Subcommittee hearing held on October 8, 2015 titled "The Consequences of DOL's One-Size-Fits-All Overtime Rule for Small Businesses and their Employees."

12/14/15. Chairman Chabot and Ranking Member Velázquez requested that the United States Government Accountability Office evaluate the extension to which Office of Small and Disadvantaged Business Utilization are implementing the requirements of Section 15(k) of the Small Business Act.

12/18/2015. Subcommittee on Oversight, Investigations and Regulations Chairman Hardy sent letters to 23 agency officials requesting information on their suspension and debarment activities.

12/18/2015. Chairman Chabot sent letters to 27 senior procurement officials at federal agencies requesting information on whether the proposed rule and guidance to implement E.O. 13,673, requiring contractors and subcontractors disclose potential violations of 14 federal labor laws and equivalent state laws, would negatively affect the ability of each agency to meet small business prime contracting goals, subcontracting goals, or provide the maximum practicable opportunity for small businesses to compete for federal contracts.

114th Congress, Second Session

Ongoing. Chairman Chabot maintains and regularly updates Reg Watch, an online regulatory tool, which explains proposed federal regulations that may significantly impact small entities, and provides a means for small business owners to comment directly to the agency.

1/6/16, 1/7/16. At the Committee's request, the United States Government Accountability Office investigated overall United States Small Business Administration mismanagement in a report released on 10/28/15. Two full Committee on Small Business hearings followed on 1/6/16 with GAO and 1/7/16 with SBA Administrator Maria Contreras-Sweet.

1/11/16. The Subcommittee on Agriculture, Energy and Trade Chairman Carlos Curbelo held a hearing to review SBA's Office of International Trade. Eileen Sanchez, Associate Administrator of the Office of International Trade, testified regarding management challenges within SBA that were identified by GAO, and how those challenges impact the office's ability to serve small businesses.

1/12/16. The Committee held a hearing to review SBA's Office of Capital Access and Office of Credit Risk Management. The Committee called Associate Administrator of Capital Access Ann Marie Mehlum, and Director of the Office of Credit Risk Management Linda Rusche, who testified regarding management challenges within SBA that were identified by GAO, and how those challenges impact their offices' ability to serve small businesses.

1/12/16. The Subcommittee on Health and Technology Chairwoman Aumua Amata Coleman Radewagen held a hearing to review SBA's Office of Investment and Innovation. Mark Walsh, Associate Administrator of the Office of Investment and Innovation testified regarding management challenges within SBA that were identified by GAO, and how those challenges impact the office's ability to serve small businesses.

2/2/16. The Subcommittee on Economic Growth, Tax and Capital Access Chairman Tim Huelskamp held a hearing to review SBA's Entrepreneurial Development Offices. Tameka Montgomery, Associate Administrator of the Office of Entrepreneurial Development, and Barb Carson, Associate Administrator of the Office of Veterans Business Development, testified regarding management challenges within SBA that were identified by GAO, and how those challenges impact their offices' ability to serve small businesses.

2/3/16. The Subcommittee on Contracting and Workforce Chairman Richard Hanna held a hearing to review SBA's Office of Government Contracts and Business Development. A. John Shoraka, Associate Administrator of the Office of Government Contracts and Business Development for SBA testified regarding management challenges within SBA's business contracting programs.

2/10/16. The Subcommittee on Investigations Oversight and Regulations Chairman Crescent Hardy held a hearing to examine the SBA Office of Advocacy and the SBA Office of the National Ombudsman. On February 29, 2016, Chairman Chabot sent letters to Darryl DePriest, Chief Counsel for Advocacy, United States Small Business Administration, and Rear Admiral Earl L. Gay, USN (Retired), Small Business and Agriculture Ombudsman, United States Small Business Administration, requesting written answers to Questions for the Hearing Record of February 10, 2016.

2/11/16. The Committee Chairman held a hearing to examine Department of State's and Department of Commerce's efforts and progress to complete Export Control Reform. On March 15, 2016, Chairman Chabot sent letters to the Honorable Brian Nilsson, Deputy Assistant Secretary for Defense Trade Controls, Bureau of Political-Military Affairs, United States Department of State, and the Honorable Kevin J. Wolf, Assistant Secretary of Commerce for Export Administration, Bureau of Industry and Security, United States Department of Commerce, requesting written answers to Questions for the Hearing Record of February 11, 2016.

2/25/16. Subcommittee on Contracting and Workforce Chairman Richard Hanna sent a letter to A. John Shoraka, Associate Administrator of the Office of Government Contracts and Business Development, United States Small Business Administration, following up on Mr. Shoraka's pledge at the Subcommittee's February 3, 2016 hearing on ways the SBA Administrator could work with the Federal Acquisition Council to expedite small business rulemakings.

3/3/16. Chairman Chabot sent a letter to John Williams, Director of Innovation and Technology, Office of Investment and Innovation, United States Small Business Administration, requesting written answers to Questions for the Hearing Record of March 2, 2016.

3/14/16. The Committee held a hearing to examine SBA's top management challenges as determined by SBA's Office of the Inspector General. Inspector General Peggy Gustafson testified as to the longstanding challenges within the agency.

3/15/16. The Committee held a Member Roundtable examining 13 Executive Orders and Presidential Memoranda that have been issued since 2009, many of which are being implemented by federal agencies through new regulations.

3/16/16. Chairman Chabot sent a joint letter with Chairmen of the House Committee on Education and the Workforce and Committee on Oversight and Government Reform to the United States Department of Labor requesting an extension of the modest 47 day comment period on the Notice of Proposed Rulemaking titled "Establishing Paid Sick Leave for Federal Contractors," which is intended to implement Executive Order 13706.

3/17/16. Subcommittee on Investigations, Oversight and Regulations Chairman Crescent Hardy held a hearing on the Department of Labor and National Labor Relations Board's proposed joint em-

ployer standard, which would change the long standing standard that defines when a business could be considered a joint employer and held liable for the other's compliance with federal labor laws. Small business owners testified that the new standard would do tremendous damage to their businesses as they seek to grow and add more workers.

3/17/16. The Subcommittee on Contracting and Workforce hosted a Member roundtable with key industry groups on the Obama Administration's Executive Orders and their effect on small firms.

3/24/16. The Committee held a staff briefing featuring speakers from the Mercatus Center at George Mason University to discuss the new Federal Regulation and State Enterprise Index, which uses RegData, a database quantifying federal regulation. The briefing examined the level of federal regulation targeting each state's specific mix of industries.

4/5/16. Chairman Chabot and Ranking Member Velázquez sent a letter to Denise Turner Roth, Administrator of the General Services Administration, expressing concern about the low number of small business suppliers to the federal government and requesting information on the steps that GSA is taking to remove barriers for small contractors who wish to do business with GSA.

4/14/16. The Committee held a hearing examining the burden of federal regulations on small businesses and federal agencies' compliance with the Regulatory Flexibility Act.

4/19/16. The Subcommittee on Economic Growth, Tax and Capital Access scheduled a hearing on the Treasury Department's January 29, 2016, proposed rules affecting companies operating closed defined benefit plans. A "reasonable classification" provision in the regulation would have had a dramatic impact on small businesses. Shortly after the hearing was noticed, the Treasury Department rescinded the offending provision, and the hearing was cancelled.

4/19/16. Chairman Chabot sent a letter to IRS Commissioner John Koskinen including two Questions for the Record in conjunction with the 4/13/16 full Committee hearing on small business tax simplification and reform. The first question specifically focused on the impact of regulations on tax policy and the agency's role in ensuring that these regulations are not unnecessarily lengthy or cumbersome.

4/28/16. Chairman Chabot and Republican Members of the Committee on Small Business sent a letter to the Office of Management and Budget's Office of Information and Regulatory Affairs (OIRA) Administrator Howard Shelanski urging OIRA to return the Department of Labor's draft final rule on overtime pay to DOL for reconsideration.

5/3/16. Chairman Chabot sent a letter with nineteen other House Members to U.S. Secretary of the Treasury Jacob Lew inquiring whether the Department is considering regulating lending to small businesses and consumers similarly, and requesting information on studies the Department has undertaken on how small businesses utilize credit.

5/3/16. Subcommittee on Contracting and Workforce Chairman Richard Hanna (R-NY) sent a letter to the United States Government Accountability Office asking that he be added as a co-requestor to two reviews of the Department of Defense and federal

contracting that GAO has underway. The first review concerns cancelled solicitations, and is a mandatory request of the House Armed Services Committee in House Report 114–102. The second review concerns the length of time it takes DOD to award contracts and the factors that extend the amount of time necessary to complete awards. That review was requested by House Armed Services Committee Chairman Mac Thornberry.

5/5/16. The Committee held a Listening Session to examine the effects of labor and workforce regulations on small businesses and ideas for reducing excessive regulatory burdens from trade associations that represent small companies.

5/16/16. Chairman Chabot, House Energy and Commerce Committee Chairman Upton (R–MI) and House Energy Commerce Subcommittee on Energy and Power Chairman Ed Whitfield (R–KY) sent a letter to Environmental Protection Agency Administrator Gina McCarthy expressing concern about EPA’s proposed rule on “Accidental Release Prevention Requirements: Risk Management Programs under the Clean Air Act.” Specifically, the Chairmen requested that EPA extend the 60-day comment period on the proposed rule because the rule is lengthy and complex and it is uncertain whether EPA has considered comments from small entities.

5/26/16. Chairman Chabot and Committee on Oversight and Government Reform Chairman Jason Chaffetz sent a letter to the Office of Management and Budget (OMB) requesting information related to OMB’s overdue Fiscal Year (FY) 2014 report on the federal paperwork burden that is required under the Paperwork Reduction Act and its plans to publish a FY 2015 report in a timely fashion.

6/9/16. The Subcommittee on Economic Growth, Tax and Capital Access Chairman Tim Huelskamp held a hearing to examine what effect regulations, particularly banking regulations stemming from Dodd-Frank, were having on rural communities.

6/20/16. Chairman Chabot and Ranking Member Velázquez sent a letter to IRS Commissioner John Koskinen expressing concern about the IRS’ treatment of small architectural and engineering firms claiming the Research and Experimentation tax credit.

6/23/2016. The Committee held a hearing that examined the damaging effects of the Department of Labor’s finalized overtime rule on small businesses, small non-profits, and small counties.

8/25/2016. Chairman Chabot and Ranking Member Velázquez sent a letter to Federal Communications Commission (FCC) Chairman Tom Wheeler detailing concerns about the negative economic impact the FCC’s privacy proposals would have on small Broadband Internet Access Services (BIAS) providers.

9/7/16. The Committee held a hearing to examine SBA’s Historically Underutilized Business Zones (HUBZone) Program. Director William Shear of the GAO and A. John Shoraka, Associate Administrator of the Office of Government Contracts and Business Development for SBA testified regarding challenges within the program.

9/12/16. Chairman Chabot and Committee on Energy and Commerce Subcommittee on Energy and Power Vice Chairman Pete Olson sent a letter to the Environmental Protection Agency (EPA) regarding two rules, one final and one proposed, promulgated under the Clean Air Act’s Significant New Alternatives Policy program that would restrict the use of certain refrigerants. Compli-

ance with the rules and potential conflicts between the rules and Department of Energy efficiency standards pose a significant challenge for small manufacturers of affected products.

9/13/16. Chairman Crescent Hardy of the Subcommittee on Oversight, Investigations, and Regulations and Chairman Richard Hanna of the Subcommittee on Contracting and Workforce held a joint hearing examining the detrimental effects of 15 Executive Orders and Presidential Memoranda issued by President Obama has had on many federal contractors, including small businesses. This hearing will examine how these actions have effected small government contractors.

9/16/16. After learning that the Small Business Administration's (SBA) CDC/504 Loan Program has experienced outages for roughly one-third of all business days since June, Chairman Chabot and Ranking Member Nydia Velázquez sent a letter to SBA Administrator Maria Contreras-Sweet seeking answers.

9/20/16. Chairman Chabot and Senate Small Business and Entrepreneurship Committee Chairman David Vitter (R-LA) sent a letter to United States Health and Human Services Secretary Sylvia Matthews Burwell requesting current enrollment figures for the Small Business Health Options Program (SHOP) health exchange.

9/21/16. Chairman Chabot became an original cosponsor of H.R. 6100, the Protect Family Farms and Businesses Act, sponsored by Rep. Warren Davidson (R-OH-8). This bill would repeal the August 4, 2016, proposed Treasury Department regulations under Internal Revenue Code section 2704 that would change the estate and gift tax rules to the detriment of family-owned small businesses.

9/27/2016. The Committee held a hearing on the Federal Aviation Administration's final rule to permit commercial operations of small unmanned aircraft systems and the opportunities for small businesses that will result from commercial drone operations.

10/03/16. Chairman Chabot and Ranking Member Velázquez sent a follow-up letter to Federal Communications Commission (FCC) Chairman Tom Wheeler seeking a response to their letter of 8/25/16 on FCC's privacy proposals would have on small Broadband Internet Access Services (BIAS) providers.

10/5/16. Chairman Chabot sent a letter to John Stumpf, then-CEO of Wells Fargo, regarding the bank's "improper sales practices" and how they affected small businesses that may have been forced to pay out fees associated with accounts they never opened. Wells Fargo is the largest participant in the Small Business Administration's (SBA) 7(a) Loan Program and serves as a Central Servicing Agent for the SBA's Certified Development Company/504 Program.

10/5/16. Chairman Chabot sent a letter to SBA Administrator Maria Contreras-Sweet seeking information on Wells Fargo's participation in SBA's lending programs following revelations that Wells Fargo had engaged in improper sales practices that have affected their customers, including small businesses.

10/07/16. Chairman Chabot sent a letter to the United States Government Accountability Office asking to be added as a co-requestor to a review of the current statutory and administrative au-

thorities of the Committee on Foreign Investment in the United States.

11/7/16. Chairman Chabot joined 87 members of Congress in sending a letter to United States Health and Human Services Secretary Sylvia Matthews Burwell regarding the importance of successfully implementing the Protecting Access to Medicare Act of 2014.

11/18/16. Chairman Chabot sent a letter to Timothy Sloan, CEO of Wells Fargo, as a follow up to Wells Fargo's response to the Committee's October 8, 2015 letter. In Wells Fargo's response, it admitted that thousands of the deposit and credit card accounts harmed by improper sales practices of Wells Fargo employees were accounts owned by small businesses. The Chairman asked that Wells Fargo continue to keep the Committee apprised of developments as it works with a third party to review all accounts dating to 2009 in order to identify those that may have been affected.

11/21/16. Chairman Chabot and Ranking Member Velázquez sent a letter to SBA Administrator Maria Contreras-Sweet seeking a full accounting of outstanding regulations that were required by statute. SBA has failed to issue required regulations, in some cases for years past the deadline set in statute.

12/5/16. Chairman Chabot and Committee on Oversight and Government Reform Chairman Jason Chaffetz sent a letter to Office of Information and Regulatory Affairs Administrator Howard Shelanski requesting the Office of Management and Budget (OMB) issue overdue annual reports on the federal paperwork burden that are required under the Paperwork Reduction Act.

12/14/16. Chairman Chabot and Ranking Member Velázquez sent a letter to SBA Administrator Maria Contreras-Sweet requesting a timeline for SBA's elimination of self-certification in the Women-Owned Small Business Federal Contracting Program (Program) as required by the National Defense Authorization Act of 2015. The SBA Office of Inspector General has reported instances of potentially ineligible firms receiving federal contracts through the Program, and oversight hearings of the Committee in the 114th Congress focused on the SBA's management challenges within the Program, including the failure to eliminate self-certification.